Speech of Thiru O.Panneerselvam, Minister for Finance, Government of Tamil Nadu, presenting the Revised Budget for 2011-2012 to the Legislative Assembly on 4th August, 2011.

Hon'ble Speaker Sir,

"எண்ணிய எண்ணியாங்கு எய்துப எண்ணியார்
திண்ணியர் ஆகப் பெறின்"

Whatever people desire, they get as desired
if only they have firmness of mind.

True to these words of Thiruvalluvar, our beloved leader, **Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa** worked tirelessly with a strong will and determination, achieved a resounding electoral victory to lead the State of Tamil Nadu once again on the path of development and prosperity. With her blessings, I rise to place the Revised Budget Estimates for 2011-2012 before this august House. This is the first Budget of this new Government which has assumed office under the dynamic leadership of the **Hon'ble Chief Minister Puratchi Thalaivi Amma**. We are deeply indebted to the people of Tamil Nadu for having given an unprecedented mandate in favour of the AIADMK headed by our visionary leader, the Hon'ble Chief Minister. As the people of Tamil Nadu have reposed their faith and trust in us with tremendous expectations, our responsibility has increased manifold to give a responsive and efficient Government and to

implement the welfare measures and developmental schemes promised by our leader.

2. Hon'ble Speaker Sir, the Members are well aware that we took over the administration of the State at a stage when it was facing severe financial strain. Though the Interim Budget was presented with a marginal revenue surplus, there was no space for any new schemes. On the contrary, the State was sinking under a huge debt burden of **over Rupees one lakh crores.** Added to this, Public Sector Undertakings like the Tamil Nadu Generation and Distribution Corporation (TANGEDCO) and Transport Corporations are also reeling under huge debt burden and accumulated losses. They are all on the brink of collapse. Keeping this in mind and also taking into account the revenue position, we have charted a path in the Revised Budget Estimates 2011-2012 for which I seek the approval of the House.

3. The Hon'ble Chief Minister, immediately on assuming office, signed seven files for the welfare of the people wherein she ordered: **the supply of free rice under Public Distribution System benefiting 1.83 crore families; enhancing the Social Security Pension from ` 500 per month to ` 1000 per month to benefit 23.95 lakh elderly and destitute persons; distribution of a 4 gram gold coin along with the marriage assistance of ` 25,000 to poor girls and the increase of such assistance to ` 50,000 in the case of**

girls holding a diploma or degree; and increasing the cash compensation paid to fishermen during the fishing ban period from ` 1,000 per month to ` 2,000 per month. All these schemes are intended to benefit the poor and downtrodden people. This Government has also created a new **Special Programme Implementation Department to ensure the timely implementation of the schemes promised in our election manifesto.** This new department will also provide necessary feedback to the Government on the schemes and suggest the corrective course of action wherever necessary.

4. Srirangam constituency, which returned the Hon'ble Chief Minister to the Tamil Nadu Legislative Assembly with a massive mandate, witnessed a jubilant celebration during her thanksgiving visit from 19th to 21st June, 2011. At that time, **the Hon'ble Chief Minister announced a slew of developmental and welfare schemes worth ` 190 crores. These include the construction of a check dam across the river Cauvery, near Mutharasanallur at a cost of ` 32 crores; the setting up of a Horticultural College and Research Institute exclusively for women at a cost of ` 10 crores; a new Arts and Science College at a cost of ` 4 crores; and the construction of a Yatri Nivas in Srirangam at a cost of about ` 36.40 crores. This Government has decided to start a new National Law School and an Indian Institute of Information Technology in Srirangam constituency.** This proves the

Hon'ble Chief Minister's firm resolve to fulfil all electoral promises within the one and a half year time frame which she has set for this Government. I am happy to share with you that there had been an overwhelming response and appreciation from the public for the action taken by this Government in launching the new schemes besides restoring law and order and discipline in administration, after assuming office.

GOVERNANCE

5. Good governance is the ***sine qua non*** for speedy socio-economic development. This Government will address the governance deficit by bringing in better accountability, transparency and ensuring effective delivery of public services through e-Governance initiatives without corruption. This Government will implement the **Aadhaar** scheme for introducing biometric based unique identification for all the beneficiaries under various welfare schemes. It is expected that this initiative will reduce leakages and ensure prompt disbursement of welfare benefits to genuine beneficiaries.

6. Tamil Nadu has been a forerunner in taking e-Governance initiatives and this Government will take it to a pre-eminent position. Already five departments namely Revenue, Registration, Municipal Administration, Civil Supplies and Transport have been identified for the e-Governance project which will incorporate process re-engineering for easy and effective delivery of

public services. This Government will speed up the implementation of these projects with financial support from the Government of India. The pilot implementation of e-District project in Krishnagiri district will be extended to other districts after stabilising the scheme in that district. The intention of the Government is to make all Government related services available in a seamless manner to the public both in urban and rural areas through Common Service Centres (CSC).

LAW AND ORDER

7. This Government is committed to taking strong action against criminals and anti-social elements to ensure peace and tranquillity in the State. Police will be allowed to discharge their duties freely and effectively in order to instil confidence in the minds of the public. As already announced, the police are taking prompt action on complaints of forceful land grabbing which occurred during the previous regime. Special cells have been constituted to handle these cases at the district level. Since May 2011, 2,491 complaints have been received. We will continue to take stringent action against such land grabbers and ensure the return of such lands to the rightful owners. The affected people who have lost their property may rest assured that they would get back their lost property.

8. The scheme for Modernisation of Police is being implemented in a phased manner with the financial support of the Government of India from 2001. The police are

trained in handling sophisticated weapons and provided with vehicles for rapid mobility under this scheme. For 2011-2012, a sum of ` 54 crores is provided in this Revised Budget Estimates. This Government will press for allocation of more funds from the Government of India. Under the Thirteenth Finance Commission, ` 100 crores is set apart for training police personnel and ` 25 crores will be spent this year.

9. There are 1,492 police stations at present in Tamil Nadu, of which 282 police stations are in rented buildings. In 92 places construction works are in progress. As the pace of construction of new buildings to replace dilapidated buildings and rented buildings is very slow, this Government will substantially step up the allocation for this purpose. During 2011-2012 ` 4.11 crores is set apart for the construction of 11 buildings. In the remaining places, after identifying suitable lands, work will be started.

10. Cyber crimes are on the increase due to the growth of information technology. Cyber Crime Cells were started in Chennai City by the Hon'ble Chief Minister during her previous regime. Thereafter, Cyber Cells were formed in Chennai Suburban, Coimbatore, Madurai and Trichy cities. **In order to tackle the menace of cyber crimes, new Cyber Cells will be set up in Salem and Tirunelveli also. As cyber forensic laboratories exist only in Chennai City Police and in the CB CID, such**

labs will be established in six other places including Salem and Tirunelveli.

11. We have already committed to increasing the strength of the Police Force to meet the requirements. **This Government will recruit 896 Sub-Inspectors, 121 Sub-Inspectors (Technical) and 5,588 Grade II Police Constables to fill existing vacancies. Additional requirements of Police Force to maintain law and order, and for traffic control and crime investigation will be sanctioned after due assessment. Home guards supplement the efforts of the Police Force in the maintenance of law and order. The strength of Home Guards will be increased from the present level of 11,622 to 16,000. Their daily allowance will be increased from ` 65 per day to ` 150 per day.** We hope this will enthuse them to serve with more dedication.

12. Keeping in mind the complexity of policing in a contiguous urbanised area, the Chennai City Police and the erstwhile Chengalpattu East District were merged as the Greater Chennai City Police in April 2005. The purpose of this merger was to ensure that the fast growing peripheral areas of Chennai City are brought under a single command and direct supervision of the Chennai City Police Commissioner. Subsequently, in 2008, a re-organisation was effected by forming a new Chennai Suburban Commissionerate. This has not contributed positively to

better policing. It is now felt that the system of policing introduced in 2005 with the Greater Chennai City Police functioning under the supervision of the Commissioner of Police, Chennai, would be better suited for effective policing and to control crime. **Therefore, this Government has decided to merge the Chennai Suburban Police with the Chennai City Police and form a Greater Chennai Police Commissionerate. This Commissionerate will be divided into four Zones - North, South, Central and West - for better administration.**

JUDICIAL ADMINISTRATION

13. This Government is committed to constructing own buildings for all Courts and to providing residential accommodation to all Judicial Officers. In 2011-2012, a sum of ` 136 crores has been allotted for improving the infrastructure of the High Court, subordinate Courts and for the construction of residential houses for Judges. A sum of ` 252 crores has been granted by the Thirteenth Finance Commission for improvement in delivery of justice to be spent over 5 years commencing from 2010-2011. Under this scheme, measures are being taken to bring down the pendency of cases in Courts. Alternate Dispute Resolution Centres (ADRC) will be constructed at a cost of ` 1 crore in each of the districts and in Chennai High Court campus at a cost of ` 4.20 crores. Judicial Officers and advocates will be trained in mediation.

FIRE AND RESCUE SERVICES

14. The Fire and Rescue Services Department is a specialised agency entrusted with the twin tasks of fire fighting and rescue operations to save lives and property. This Government will strengthen its capabilities by procuring advanced water tenders; high pressure pumps and combi tools during this financial year. New buildings for 10 Fire and Rescue Service Stations and a new building for Perambalur Divisional Office are under construction. Further, construction work of 243 quarters for officers and service personnel is being taken up by the Tamil Nadu Police Housing Corporation at a cost of ` 21.50 crores. In the Revised Budget Estimates ` 170 crores has been allocated for Fire and Rescue Services.

PRISONS

15. The Mahatma Gandhi Community College has been established in Puzhal Central Prison and 8 other Central Prisons for imparting vocational training courses. This will facilitate reform and rehabilitation of the inmates. **To strengthen prison administration, 9 Psychologists and a Legal Advisor will be appointed additionally besides creation of one post of Inspector and 10 Sub Inspectors.** A provision of ` 147 crores has been made for the Prisons Department in this Revised Budget Estimates.

ROAD SAFETY

16. The number of vehicles in Tamil Nadu during 2005 was 74.04 lakhs, which has gone up to 136.60 lakhs

during 2011. Because of the phenomenal increase in the number of vehicles and heavy density of vehicle population, the number of road accidents is also on the increase leading to needless loss of life and debilitating injuries. This Government is committed to enhancing road safety and reducing accidents. Road Safety Councils constituted at the State and District levels will be energised. There are 80 Highway Patrols on National Highways and 42 on the State Highways. **'Road Accident Data Monitoring System' (RADMS)** a computer application has been made available to all police stations. An amount of ` 40 crores has been provided in the Revised Budget Estimates for the Road Safety Fund to carry out road safety measures including providing adequate signals and improved lighting.

ANNUAL PLAN

17. The Eleventh Plan is to be implemented with an outlay of ` 85,344 crores from 2007-2008 to 2011-2012. Tamil Nadu could achieve ` 68,401 crores in the first four years. This Government has secured an annual plan allocation of ` 23,535 crores for 2011-2012 representing an increase of 17.28 percent over last year. With this, our State will be able to achieve a plan outlay of ` 91,936 crores in the eleventh five year plan, thereby exceeding the projected plan outlay by 7.72 percent.

ECONOMIC DEVELOPMENT

18. We are determined to achieve a higher level of sustainable economic growth which will benefit all sections

of our society. During the Eleventh Plan, Tamil Nadu set itself a target to achieve an average growth of 9 percent. But, the growth rate in the Primary and Secondary Sectors in the first three years of the plan period from 2007-08 was disappointing and below the national average. As a result, the State economy could achieve a cumulative growth of only 7.80 percent in the first four years. This Government is of the firm view that equitable development is not possible without achieving higher growth in the Primary Sector and Manufacturing Sector as they still support a substantial number of people. But, economic growth in the State is being propelled by the Service Sector. **We are well aware that Service Sector led growth may not be sustainable in the long run. Therefore, we will make the Primary and Manufacturing Sectors, the main drivers for achieving higher growth. Meanwhile, critical bottlenecks in infrastructure development will be addressed to sustain higher growth in the Service Sector, so as to achieve an overall growth of above 10 percent in the coming years.**

AGRICULTURE AND CO-OPERATION

19. As I have already mentioned, during the Eleventh Plan period, growth in the Primary Sector suffered very badly. After registering negative growth in 2007-2008 and 2008-2009, the growth rate in 2009-2010 and 2010-2011 moved up marginally, registering an overall negative growth of 0.51 percent for the first four years of

the plan period. The area under cultivation is shrinking due to urbanisation. Cropping intensity and irrigation intensity are not showing improvement. This Government will spare no efforts to transform this gloomy scenario.

20. This Government, under the leadership of the Hon'ble Chief Minister, has released water from the Mettur Dam well ahead of the normal scheduled date to facilitate the timely commencement of agricultural operations in the Delta area. Considering the favourable storage position, water was also released from other major reservoirs in the State for irrigation purposes. **The State has set for itself an ambitious target of 115 lakh metric tonnes of food grain production during 2011-2012 as against last year's production of 85.35 lakh metric tonnes.** I hope that with the timely release of water from the reservoirs and near normal rainfall predictions, it will be possible for the State to achieve this ambitious target.

21. Let me now spell out our strategy for reviving the Primary Sector. Our focus will be on improving productivity and increasing the income derived from Agriculture, Animal Husbandry and Fisheries. In the Agricultural Sector, at present there is stagnation in productivity and in production. **We will usher in a second green revolution to improve agricultural production by addressing the productivity gap and through value addition. We have also set for ourselves an ambitious goal of two to three times**

increase in the farmers' per capita income within five years. This we intend to achieve through effective dissemination and adoption of front end advanced technology to increase productivity of crops; farm based interventions for mixed farming and by convergence of schemes to ensure integrated farm development.

22. Existing schemes like the National Agricultural Development Programme (NADP), National Food Security Mission, Accelerated Pulse Production Programme, IAMWARM, National Horticultural Mission and the National Mission on Micro Irrigation will be converged at the farm level to ensure better technology interventions in an integrated manner. **The allocation for the NADP will be stepped up to ` 467 crores for the year 2011-2012 from the previous year's expenditure of ` 197 crores. Similarly, the allocation under the National Horticulture Mission will also be stepped up from ` 91.18 crores in 2010-2011 to ` 145 crore in 2011-2012.**

23. This Government will focus on improving the productivity of major crops like paddy, sugarcane, cotton, pulses and oil seeds and extend the area under cultivation of high value commercial and horticultural crops like vegetables, flowers and fruits. Front end technological interventions like **System of Rice Intensification (SRI), Sustainable Sugarcane Initiatives (SSI)** in sugarcane;

Precision Farming and promotion of BT cotton, adoption of appropriate crop management practices in pulses and oil seeds, **Protected Cultivation** and Precision Faming for vegetables and **High Density Planting** for horticultural crops will be aggressively promoted. **During 2011-2012, 22.24 lakh acres will be covered under SRI to enhance paddy productivity. Similarly, 14,000 acres of sugarcane will be brought under SSI cultivation this year.** We intend to increase it to 2.45 lakh acres in the next two to three years to increase the productivity of sugarcane. **Productivity of pulses will be improved by bringing a larger area under irrigated pure crops with better crop management. Precision Farming will be adopted on 22,000 acres at a cost of ` 20.93 crores and Protected Cultivation on four lakh square metre to increase the productivity of fruits and vegetables.**

24. Timely availability of inputs like quality seeds, fertilizers and cheap credit are important to farmers. The State will prepare a comprehensive seed plan to ensure timely availability of quality seeds to farmers. During 2011-2012, we have set apart ` 85.92 crores for seed subsidy. Similarly, an adequate quantity of fertilizers will be made available through co-operatives. I also hope that the exemption of fertilizers, pesticides etc. from the levy of VAT announced by this Government will make this input cost cheaper for the farmers. **Further, the interest free advance extended to TANFED will be enhanced from the present level of ` 90 crores to ` 150 crores to**

ensure uninterrupted supply of fertilizers to farmers. Co-operatives will be strengthened to improve credit and other services to farmers. **The State has fixed an ambitious target of ` 3,000 crores of crop loans free of interest in the case of prompt repayment to be disbursed to the farmers through co-operatives during 2011-2012.**

25. The net irrigated area in the State is only 58 percent. The irrigation intensity is coming down over the years. As the State has already utilised more than 95 percent of the surface water and 85 percent of the ground water potential, the scope for improving water use efficiency lies mainly in expanding the area under Micro Irrigation. Micro Irrigation initiatives to popularise Drip and Sprinkler Irrigation commenced as early as 1991. This Government wants to launch a massive campaign for popularising Micro Irrigation Systems among farmers to conserve and use water more efficiently. Small and marginal farmers are getting an overall subsidy of 75 percent and other farmers 65 percent at present under National Mission on Micro Irrigation. As this Government feels that it is one of the most important interventions required to enhance farm productivity, small and marginal farmers henceforth will get 100 percent subsidy for putting up Micro Irrigation Systems, while all other farmers will get 75 percent subsidy. The subsidy over and above the Government of India support will be fully borne by the State Government. A similar subsidy pattern will be

followed in the IAMWARM project as well. **During 2011-2012, we will cover 1.25 lakh acres in all - covering 87,500 acres under the Micro Irrigation Mission and 37,500 acres under Irrigated Agriculture Modernisation and Water-Bodies Restoration and Management Project (IAMWARM). I have proposed to allocate ` 151 crores from State funds for this purpose.**

26. Shortage of labour in the rural areas is causing a serious set back to our efforts to increase agricultural production, particularly to ensure food security. This Government realises that a mission mode approach is required for agricultural mechanisation across the State to save the Agricultural Sector from its present perilous situation. We propose to achieve the goal of a faster pace of agricultural mechanisation through a three pronged strategy. **At the first level, heavy duty high value machineries will be purchased for the 74 sub-divisions under the Agricultural Engineering Department. At the second level, medium sized agricultural machinery and equipment will be procured by the Primary Agricultural Co-operative Credit Societies (PACCS) for custom hiring to farmers. Each Society will be provided with a subsidy of 50 percent of the cost, not exceeding ` 20 lakhs, to purchase a set of agricultural machinery. We expect that in the current year at least 400 PACCS will be equipped with such facilities. The State Government**

will set apart ` 100 crores from its own funds for the above programme. At the third level, farmers, farmers groups and self help groups will be assisted with subsidy to acquire agricultural machinery and equipment. For this purpose, ` 72.30 crores will be set apart for the current year under NADP. We expect that this initial push will be further intensified with additional flow of funds in the coming years.

27. The mission of achieving higher growth in agriculture cannot be realised unless we improve the productivity of crops and of farms through mixed farming and by shifting the cropping pattern in favour of high value horticulture and commercial crops. While doing so, I reiterate our resolve to take adequate measures for ensuring food security. Horticultural crops will be sustainable, only if they are supported with adequate post harvest facilities and by food processing industries. As a part of this strategy, **Government will encourage private companies to put up agro processing industries with farmers' participation in a cluster approach with the farmers holding at least 25 percent of the share capital in the processing company which will be contributed by the State Government.** Establishment of such processing industries in rural areas will sustain the cultivated area besides protecting the farmers from distress sale of perishable commodities.

28. Sustainable agricultural growth will be possible only if there is very strong infrastructural support. As already promised by this Government, intensive efforts will be made for improving marketing facilities and providing more cold storage and warehousing facilities. Agricultural markets and co-operative markets will be modernised to improve the service level. **A pilot scheme of complete market modernization including electronically linking the markets with commodity exchanges will be taken up during the current year in the Villupuram Regulated Market. Based on the experience, the remaining Regulated Markets will be modernised in a phased manner. Efforts will be taken for augmenting godown and warehousing facilities at Primary Agricultural Co-operative Credit Societies to extend more pledge loan facilities and also to increase the storage facilities in Agricultural Co-operative Market premises, Regulated Market premises and in the Tamil Nadu Civil Supplies Corporation to store food grains. For this purpose, ` 237 crores will be set apart during 2011-2012 with NABARD assistance under RIDF.** This Government proposes to add atleast 3 lakh metric tonnes warehousing capacity in the next five years under co-operatives and the Government sector.

29. Weather risk mitigation is one of the major issues being addressed by this Government. In order to protect farmers from the vagaries of the Monsoon, the National Agricultural Insurance Scheme (NAIS) will be

implemented extensively in all districts. The present coverage of 8 lakh farmers will be doubled during the current year. The pilot scheme on weather based Crop Insurance will be evaluated for further extension. The State has already set up 211 Automatic Weather Stations at the block level. Another 88 stations are in the process of establishment. Once this project is completed, it will be possible to disseminate all weather based information and forecasts including advance warnings on disease and pest outbreaks to farmers instantaneously through the internet and SMS. Besides weather forecast, the State will also make efforts for automatic dissemination of price and other agriculture related information.

ANIMAL HUSBANDRY

30. At present, the annual milk production in the State is about 5.78 million tonnes. In the last few years, milk production in the State has stagnated. Lack of adequate extension network and infrastructural support, poor cattle and feed management are the bottlenecks that post hurdles to improving production. As we all know that Animal Husbandry generates a regular stream of supplementary income to farmers, this Government will place special emphasis on the Animal Husbandry Sector. **We propose to achieve the objective of increased production of milk by creating a Second White Revolution. We will launch a scheme to distribute 60,000 milch animals in the next 5 years free of cost to poor rural families. During 2011-2012 we intend**

to distribute 12,000 cross breed jersey milch cows to such poor families in backward villages located in non traditional areas. ` 56 crores is allocated in the Revised Budget Estimates for this scheme. In these villages, supportive infrastructure like Milk Co-operative Societies and Milk Collection Routes will be established. 4000 Women Milk Groups will be formed by Aavin, mobilising the beneficiaries of the scheme. Further, mini dairies with three to five milch animals will be promoted in non-traditional areas as an economic enterprise under various economic developmental programmes.

31. Of the total milk production of 158 lakh litres per day, Aavin handles only 20 lakh litres. It is our desire to increase the quantum of milk handled by Aavin and milk co-operatives by strengthening infrastructure, particularly in non-traditional areas. **In order to improve door step veterinary services, it is proposed to set up 155 additional Mobile Veterinary Cluster Centres under Aavin. This will ensure one Mobile Veterinary Cluster Centre for every 10 kilometre radius.** Aavin will set up 100 additional Milk Handling Centres at a cost of ` 32.50 crores. Milk Producers Co-operative Societies with more than 5,000 litre capacity will be strengthened as modern dairy units with bulk milk chilling units and other value addition facilities. During 2011-2012, Aavin will take up formation of 10 such dairy units.

32. The extension machinery of the Animal Husbandry Department will be further strengthened by increasing the number of Assistant Directors in the field from 65 to 76, so as to achieve the level of one Assistant Director in every Revenue Division. During 2011-2012, we will upgrade 385 sub centres to Veterinary Dispensaries to provide better services. ` 122.24 crores will be spent during 2011-2012, to strengthen the extension infrastructure under NABARD – RIDF funds. Through this, we expect to deepen services like artificial insemination, disease control and better animal and feed management which will improve reproductive efficiency and reduce infertility among animals. At present we have Veterinary Colleges only at Chennai and Namakkal. A new Veterinary College will start functioning shortly in Tirunelveli. I hope this will benefit the farming community in the Southern Districts. Similarly, **a new veterinary college will be started at Orathanadu in Thanjavur District during 2011-2012. An Institute of Poultry Production and Management will also be established at Hosur with facilities on par with international standards.**

33. **This Government proposes to distribute four goats or sheep to each family living below the poverty line who are predominantly landless agricultural labourers, fulfilling yet another electoral promise of the Hon’ble Chief Minister. We will cover one lakh families at a cost of ` 12,000 per family during 2011-2012. An amount of ` 135 crores is**

allocated in this Budget for this purpose. Thereafter, every year, we will be distributing goats and sheep to 1.50 lakh families. At the end of five years, we would have covered 7 lakh families which is roughly 10 percent of the rural households. This scheme will be launched on 15th September, 2011, on the occasion of Perarignar Anna's birthday along with the distribution of milch animals to poor families. We consider this as one of this Government's the most important schemes to economically empower poor families with assets worth ` 12,000 each, which can create a regular stream of additional income for such poor families.

34. One of the main reasons for the poor productivity of milch animals is the lack of green fodder. The State is estimated to have a 20 percent deficit in green fodder availability, which amounts to 100 lakh tonnes of green fodder per annum. Though the cultivation of green fodder is being promoted under various schemes, the pace of such expansion is grossly inadequate to meet the requirement. We also need to increase the availability of dry fodder and silage to meet the summer and off season demand. **This Government proposes to launch a special scheme for fodder development. Subsidy will be provided to cultivate selected green fodder crops in 24,000 acres in the current year. The Micro Irrigation Scheme will be extended to fodder cultivation also. Small and marginal farmers will be provided with subsidy of 100 percent and other**

farmers with 75 percent for putting up drip irrigation, sprinkler systems and rain guns. Further, 5000 units of grass cutters and 5,000 units of choppers will be distributed with 50 percent subsidy to benefit farmers to reduce wastage of fodder. For this green fodder programme, this Government will set apart ` 20 crores as subsidy for this year.

FISHERIES

35. Modernisation of the Fisheries Sector and implementation of welfare schemes for fishermen are our top priority. The State has achieved a marine fish production of 4.04 lakh tonnes against the potential of 7 lakh tonnes. Similarly, inland fish production is only 1.71 lakh tonnes against the potential of 4.5 lakh tonnes. Lack of berthing facilities for deep sea fishing and inadequate processing, storage and marketing are the main bottlenecks to increase the production. Modernised fishing harbours at Nagapattinam at a cost of ` 35.65 crores and Pazhayar at a cost of ` 27.56 crores will be constructed under the World Bank Tsunami Reconstruction Project. We have also sought funds from the Central Government for establishing a fishing harbour at Poompuhar at a cost of ` 75 crores and Mookaiyur – south of Rameswaram - at a cost of ` 60 crores. Twelve new Fish Landing Centres in seven coastal districts have been taken up at a cost of ` 74 crores.

36. To promote deep sea fishing, there is a need to increase the number of mechanised boats. There are about

56,000 boats of various types at present involved in fishing. Out of this, only 6000 boats are mechanised boats. To make a beginning, **this Government will launch a scheme to provide 25 percent subsidy up to ` 5 lakhs to fishermen to procure mechanised boats or deep sea tuna liners. This year ` 25 crores will be set apart for this purpose to add 500 new mechanized boats or deep sea tuna liners. This will fulfill one more electoral promise of this Government. To overcome the problem of dwindling catch in shallow waters, a pilot project of establishing a mid sea Fish Processing Unit and stationing a 'Carrier Mother Vessel' at mid sea, to act as a source of essential inputs for the 'baby vessels' involved in commercial fishing in the deep sea will be taken up under Public Private Partnership during 2011-2012.**

37. Development of adequate support infrastructure is necessary to sustain development in the Fisheries Sector. **Along the coast, in 13 selected fishing towns, Fish Processing Parks will be developed in a phased manner under Public Private Partnership with the financial support of the Ministry of Food Processing, Government of India, and the National Fisheries Development Board. During 2011-2012, two such Modern Fish Processing and Packing Houses will be developed with cold storage facilities at Chennai and Nagapattinam as pilot projects.**

38. The welfare of fishermen is always a priority for this Government. After assuming charge, this Government enhanced the relief amount for the fishing ban period from ` 1,000 to ` 2,000 for the fishermen's families. **This Government will give a special allowance of ` 4,000 per family for the non-fishing period, fulfilling one more commitment. This will cost the State an additional amount of ` 72 crores. This will be in addition to the amount of ` 1,800 per person disbursed to fisherfolk under the National Fishermen Savings cum Relief Scheme.**

39. This Government accords the highest priority to protecting the fishing rights of our fishermen. This is amply demonstrated by the pro-active steps being taken for the retrieval of Kachatheevu Island ceded to Srilanka under the 1974 and 1976 agreements between India and Srilanka. The Revenue Department, which is the custodian of all land records, has filed an affidavit before the Supreme Court of India for impleading itself in the Writ Petition (Civil) filed by the Hon'ble Chief Minister before the Supreme Court of India for the retrieval of the Kachatheevu Island.

IRRIGATION AND FLOOD CONTROL

40. Tamil Nadu is a water starved State and its irrigation structures depend entirely on the monsoon. Therefore, appropriate river basin planning to improve water use efficiency and conservation of rain water to augment ground water is important. **The State is in the**

process of implementing the "Dam Rehabilitation and Improvement Project" with World Bank assistance to carry out rehabilitation and improvement of specific dams. Government of India has given an in-principle approval for an amount of ` 745.49 crores to be spent over a period of six years from 2011 covering 104 dams under this project. During 2011-2012, 18 dams will be covered under this project for rehabilitation and for improving water use efficiency.

41. This Government is also taking efforts for improving ground water potential. A sum of ` 200 crores is sanctioned under the Thirteenth Finance Commission for the restoration of traditional water bodies and ` 50 crores will be spent during the year 2011-2012. With NABARD financial support under RIDF, it is proposed to spend ` 67 crores to take up 4 projects which are intended to improve the storage capacity of tanks and efficiency of water use. During 2011-2012, ` 11.27 crores will be spent for augmenting ground water by constructing appropriate structures under the artificial recharge scheme. The Agricultural Engineering Department is also implementing the Command Area Development Programme (CADP) for improving water use efficiency by adopting various conservation measures. Works in Tirukoilur, Gundar, Kodaganar, Vaigai, South Vellar, Kodiveri Command areas are in progress. During 2011-2012, ` 74 crores has been provided for improving the channels and canals for better conservation and use of water under CADP.

42. Irrigated Agriculture Modernisation and Water Bodies Restoration and Management Project (IAMWARM), which is a six year project, funded by the World Bank to cover 60 sub basins benefiting an ayacut of 15.22 lakh acres has reached its fourth phase. Under Phase IV, the rehabilitation of 761 tanks, 5 anicuts and sub channels for a length of 1,056 kms benefiting an ayacut of 1,90,260 acres in 5 sub basins is proposed to be taken up in the current year. ` 367 crores has been provided in the Revised Budget Estimates 2011-2012.

43. Inter-linking of rivers within Tamil Nadu is a high priority of this Government. It will provide multiple benefits - improving the irrigation facilities, controlling floods besides serving as inland water ways. As a first phase of the linking of the Cauvery with the Vaigai and Gundar rivers, Kattalai barrage work across the Cauvery is already in progress at an estimated cost of ` 189 crores. ` 93 crores is budgeted for the year 2011-2012. **In the next phase, work to link the river Gundar with Kattalai barrage will be initiated by this Government. This will be taken in two stages as flood management works with Government of India support. In the first stage, Kattalai barrage will be linked to Agniyar, South Vellar and to Manimuthar at a cost of ` 3,787 crores. In the second stage, Manimuthar will be linked with Vaigai and Gundar at a cost of ` 1,379 crores. A comprehensive proposal for a flood control programme at a cost of ` 5,166 crores will be sent to**

**the Government of India. But, the State will commence the work immediately and ` 60 crores is provided during 2011-2012.** Similarly, another scheme to link the Tamarabarani with the Nambiar river at a cost of ` 369 crores is under progress. ` 90 crores is set apart for this purpose during 2011-2012.

44. This Government will insist that the Ministry of Water Resources should take immediate steps to notify in the Gazette of India the final award dated 5.2.2007 of the Cauvery Water Disputes Tribunal. We will also insist on the constitution of the Cauvery Management Board for the implementation of the award of the Cauvery Water Disputes Tribunal in letter and spirit. On the Mullai Periyar Dam issue, this Government reiterates its stand and urges the Central Government to ensure that the Government of Kerala does not take any action to disturb the status-quo as the case is subjudice and pending in the Supreme Court. Similarly, on the construction of a reservoir across Palar river by Andhra Pradesh, since the talks with the Government of Andhra Pradesh under the aegis of the Central Government have not yielded any result, we hope this issue will be settled early through the Supreme Court.

FOREST AND ENVIRONMENTAL PROTECTION

45. In Tamil Nadu, 21.76 percent of the total geographical area is under forest and tree cover. The National Forest Policy aims to achieve 33 percent of the State’s geographical area under forest and tree cover.

Therefore, the State Forest Department has introduced a scheme for **Tree Cultivation in Private Lands.** Under this programme, 3 crore seedlings have been planted over 1,21,500 acres of private lands at a cost of ` 43.74 crores benefiting 71,454 farmers in the State. This programme will be continued during the year 2011-2012. **In continuation of the Tamil Nadu Afforestation Project II, the Biodiversity conservation and Greening project with Japanese assistance with an outlay of ` 686 crores will be started during 2011-2012.**

46. Population growth and industrialisation have resulted in fragmentation of animal habitats. As a result, wild animals often stray out of the forests leading to animal human conflicts. This is a complex problem to be managed by a multipronged strategy of habitat improvement, trap crop management (growing crops which are preferred by wild animals as fodder inside the forest area itself), formation of physical barriers along the forest boundary, capacity building of the villagers, awareness creation and timely payment of compensation to the victims for loss of human life and damage to agricultural crops and property. **This Government will implement a programme to give effect to this in a phased manner. A sum of ` 10 crores will be allocated to take up the first phase of work. The payment of compensation to the victims for loss of human life will be enhanced from ` 1.50 lakhs to ` 3 lakhs.**

47. Conservation of the delicate ecosystem is necessary for sustaining the environmental balance. **In order to preserve the diminishing wet lands habitat and conserve the lives in such biosphere, this Government will prepare a comprehensive plan for restoring and preserving the Pallikaranai marsh land.** As announced in the Governor's Address, Government is taking necessary steps to impose a ban on the use of plastic carry bags made of virgin plastics or recycled plastics of less than 60 micron thickness and 8x12 inches size as the first step in that direction. **A sum of ` 5 crores is allocated in the Revised Budget Estimates for undertaking a mass drive for clearing accumulated plastic waste throughout the State and its proper disposal. This Government also allocates ` 50 crores towards Environment Protection Fund which will be used effectively to support the local bodies for relaying the roads using the plastic waste collected under this mass drive on a pilot basis.**

PUBLIC DISTRIBUTION SYSTEM AND PRICE CONTROL

48. Tamil Nadu is following a universal public distribution system to provide food security for all. After assuming charge, the Hon'ble Chief Minister has fulfilled the electoral promise of providing free rice under the PDS as per their entitlement to all 1.83 crore rice card holders. This Government will continue the supply of sugar, wheat and kerosene under PDS at subsidised rates. The PDS system will be streamlined further and monitored effectively to

prevent leakages. The Government is taking stringent measures against offenders like rice smugglers. After this Government took over, within the last two months, 67 persons have been detained under the Prevention of Black Marketing Act and 1,519 cases have been registered against persons smuggling PDS rice. A quantity of 6,227 quintals of rice has also been seized. **Five Border Patrol Parties disbanded by the previous Government will be revived and a new Food Cell Unit will be positioned at Pollachi to prevent rice smuggling in border areas. This shows the firm resolve of this Government to take severe action against such offenders. In view of the additional subsidy involved in providing free rice under the Public Distribution System, ` 4,500 crores is budgeted during 2011-2012 as food subsidy.**

49. This Government is of the firm view that price rise can be effectively tackled in the long run only through augmenting supply of commodities to correct the demand supply mismatch. This Government will not abdicate its responsibility to take short term measures to keep prices under control. In this regard, apart from streamlining the PDS, **this Government has extended the special PDS programme to supply tur dal, black gram, palm oil, atta and masala packets at subsidised rates upto 31.12.2011. We will constantly monitor the price trends and whenever necessary, take up with the Forward Market Commission through the Government of India for delisting the commodities which are**

exhibiting volatile price movements. A Price Stabilisation Fund is being constituted with an initial corpus of ` 50 crores for procurement of essential commodities facing erratic changes in price and their sale to consumers at cost price through co-operatives. The Hon'ble Chief Minister's decision to remove VAT on LPG to reduce its selling price to the consumers with effect from 1st of July, 2011, against the backdrop of the Central Government's decision to increase the LPG price by ` 50 per cylinder has been well received by women folk. This may cost the State ` 120 crores of tax revenue per year, but the consumers will get a benefit of ` 15 per cylinder.

INDUSTRIES

50. Tamil Nadu is recognised globally as a favoured investment destination with strong potential for manufacturing. The State has established itself as a hub for the production of automobiles and auto components, engineering, textiles, leather, IT and ITES. However, industrial growth in the State has suffered a set back in the recent past. As against the Eleventh Plan target of 9.20 percent, the Industrial Sector could grow at a rate of only 4.43 percent in the first four years of the eleventh plan period. As per the CMIE report of 2010-2011, Tamil Nadu has slipped to the seventh position in attracting investments in the Manufacturing Sector. Our economy can be resilient only if manufacturing becomes the engine of growth. It is the desire of this Government to reverse the

present trend of low growth by attracting more foreign direct investment by formulating a pro-active and investor friendly policy, improving power supply, addressing infrastructural gaps and by improving skilled man power availability so as to make the Industries Sector vibrant for achieving better growth. **This Government will come out with a New Industrial Policy 2011, besides formulating sector specific policies for automobiles and auto components, bio-technology and pharma.**

51. As already announced in the Governor's Address, this Government will come out with a **Vision 2025 document** addressing the critical gaps in the key sectors that drive economic growth. A shelf of projects will be created for strengthening infrastructure and those projects will be put in a pipeline for continuous execution. This Government will also constitute a **Tamil Nadu Infrastructure Development Board under the Chairmanship of the Hon'ble Chief Minister** which will continuously identify project concepts, facilitate their execution after due evaluation and achieve financial closure either directly through Government agencies or through the Public Private Partnership mode depending on suitability. I hope this institutional arrangement will create a congenial environment for facilitating speedy implementation of critical infrastructure projects that will drive the growth of the Primary, Secondary and Tertiary sectors.

52. Ready availability of land is very crucial to attract investments. The process of land acquisition is becoming cumbersome, often leading to public resistance and endless litigation. New investment and growth of industry and infrastructure development is hampered due to land related issues. In the present context of stiff competition among States in attracting large projects, non-availability of land for immediate allotment affects our ability to attract major investments. This Government will create a Land Bank by pooling available Government land and also by acquiring private lands without adversely affecting the interest of land owners. As the present compulsory acquisition has many shortcomings, **we will come out with a New Land Acquisition Policy by adopting innovative methods like Land Pooling to create adequate Land Banks and to make available land for creating Industrial Parks and infrastructure.**

53. The State will continue to strengthen the Manufacturing Sector as we have already attracted huge international investments successfully in the automobile industry, IT and other key areas. The State is currently discussing with industrial houses, which may attract 22 major projects having an investment potential of nearly ` 21,500 crores. Investors from Korea, Japan and Thailand are showing keen interest to invest in Tamil Nadu. This Government will establish exclusive Industrial Estates to house such industries from these countries. Since most of these companies use Ennore Port for their import and

export, this Government will create a direct link between National Highway 5 and Ennore Port through the Northern Port Connectivity Programme.

54. This Government is keen on promoting industrial development in the Southern Districts. We have already announced the creation of a **self-sustainable Industrial Growth Corridor on the Madurai-Thoothukudi highway. A detailed project report is already prepared. Suitable locations have been identified in the project report for a Manufacturing Business Investment Region, Agri Business Investment Region, Knowledge Hubs and a Special Tourism Investment Zone.** This project will be implemented through Public Private Partnership (PPP).

55. Government public sector undertakings are also geared up for contributing more to the Industrial Sector. Tamil Nadu Cements Corporation Limited at present contributes only 3.6 percent of the cement production in the State through its plants at Alangulam and Ariyalur. **It is proposed to increase the capacity of the Alangulam unit from the present level of two lakh to four lakh tonnes per annum at an estimated cost of ` 165 crores and the capacity of the Ariyalur unit will be expanded from 5 lakh tonnes to 15 lakh tonnes per annum. ` 350 crores will be invested for this purpose**.

MICRO, SMALL AND MEDIUM ENTERPRISES

56. The number of Micro, Small and Medium Enterprises (MSME) in Tamil Nadu is the largest in the country accounting for 15.07 percent of the national total. The MSME Sector has the potential to generate substantial employment opportunities. In the Eleventh Five Year Plan, it is proposed to develop 50 clusters under the Cluster Development Programme to promote micro and small enterprises. 15 clusters have been taken up so far and 9 clusters are proposed to be taken up in the year 2011-2012. SIDCO has identified 2256 acres in 25 locations to promote industrial clusters for the MSME sector in the coming years. Depending on the suitability, the land available in the defunct co-operative spinning mills will be utilised for setting up new Industrial Estates to promote industries in the MSME sector and generate employment opportunities. During 2011-2012, SIDCO has proposed to take up infrastructural works in 7 new Industrial Estates at a cost of ` 23.50 crores and upgrade the infrastructure facilities in 8 Industrial Estates at a cost of ` 27.49 crores.

57. The activities of SIDCO will be revamped by reviewing the land pricing policy, creation of land banks and simplification of procedures. At present, we are giving 15 percent capital subsidy to promote the MSME sector. **We will examine ways to give additional incentives to encourage investments under the MSME Sector. As a first step, TIIC will provide credit to Micro, Small, and**

Medium industries with 3 percent interest rebate. Considering the huge potential available, this Government will promote export oriented coir and jute based industries with credit and technology support with a total outlay of ` 100 crores during 2011-2012. This is expected to encourage a large number of educated youth to avail of cheap credit to put up industrial units.

SKILL, EMPLOYMENT & ENTREPRENEURSHIP DEVELOPMENT

58. Tamil Nadu is a progressive and industrially developed State with a strong work force. There are 38,601 Industrial Units in the State. With rapid industrial growth the State is experiencing an acute shortage of skilled manpower. On the other hand over 68 lakh youth are registered with employment exchanges. The CII report on Tamil Nadu has estimated that, by the year 2015, incremental skilled manpower requirement of the State will be about 130 to 150 lakhs. The main drivers of this demand will be manufacturing, textile, automotive, retail, IT, Electronics and Banking and Financial services sectors. NASSCOM estimate that only 20 percent of the 3.5 lakh graduates coming out of the colleges every year are employable due to poor soft skills including communication and computer knowledge.

59. The State Government, through the **Tamil Nadu Skill Development Mission** (TNSDM), will enter into partnership with industry to identify skill gaps

and design course material leading to Modular Employable Skills (MES) certification. The training programme will be launched in all Government and Government aided Arts and Science Colleges for soft skills and all Government Industrial Training Institutes (ITIs) through recognized Vocational Training Providers for technical skills. The programme aims to train about 1.50 lakh youth in soft and technical skills during the year 2011-2012. To ensure continuous supply of quality instructors, a Faculty Development Institute will also be set up under PPP. The Tamil Nadu State Skill Registry will be created which will allow capturing and monitoring of skill data. This will be initially open to ITI and MES passed candidates.

60. Presently there are 62 Government ITIs in Tamil Nadu. **With the demand for skilled workforce prevailing strongly in Tamil Nadu there is an urgent need to start more Government ITIs. This year 10 new ITIs will be started**. Our aim is to eventually cover all uncovered blocks with an ITI. We propose to introduce e-modules, simulator based training in all Government ITIs for improving the knowledge base of the students. Most of the students in Government ITIs are very poor and are from downtrodden communities. Every year two sets of uniform and a pair of shoes will be supplied free of cost to each trainee. A sum of ` 4.6 crores will be provided for this purpose. To change the popular perception and to instill a sense of pride in the skilled workers it is proposed to issue a Skill Smart Card with the

Government of Tamil Nadu Emblem to all the Government ITI pass outs.

61. The vocational skill sector has traditionally not been recognised properly. We wish that due attention should be given to such training and its quality needs to be scaled up. We will set up a **world class training institute under PPP to train youth in hi-technology area like aircraft maintenance, manufacturing, shipping and servicing etc. This will function as a centre of excellence to train the students in specialised skills with international certification to facilitate the students to explore new avenues of employment opportunities both in the country and abroad. This will fulfill one more electoral commitment to the youth.**

62. Entrepreneurship Development is a key aspect of employment generation and equitable economic growth. To encourage youngsters to take up the entrepreneurial challenge, appropriate institutional support is required. The Entrepreneurship Development Institute (EDI) will be thoroughly revamped to make it a dynamic institution that will motivate and train young entrepreneurs particularly first generation entrepreneurs. New courses will be introduced with the help of industries partners. **A modern training complex with smart class rooms, library, computer center, auditorium and hostel facilities will be set up at a cost of ` 4 crores. EDI will also create**

a corpus fund by pooling resources from financial institutions, the State and Central Governments, besides creating a venture capital fund with the support of private industries and foreign investors.

INFORMATION TECHNOLOGY

63. Tamil Nadu has already become a global destination of choice for IT and ITES industries. IT exports in the State stand at ` 40,000 crores in the year 2010-2011. This Government will continue to facilitate the growth of IT and ITES companies in the State, particularly by promoting industries in Tier II cities and in rural areas. **Huge infrastructure already created in these Tier II cities will be put to full use by aggressively marketing the available space to potential IT companies. We will also initiate steps for attracting investment in the computer hardware sector. This Government will bring out a new Information Communication Technology Policy 2011 which will be more investor friendly facilitating the growth of the software and hardware industries.**

64. As already announced, this Government is taking appropriate action for reviving the activities of the Arasu Cable TV Corporation. **Action is being taken to start operations from the existing four Head Ends at Thanjavur, Coimbatore, Vellore and Tirunelveli and to provide Arasu Cable TV signals to operators located around 50 km radius. It will put up new Head Ends in**

16 districts and take private Head End facilities on lease in 11 districts to expand operations across the State. I am happy to inform that the telecast operations from these Head Ends will commence shortly.

POWER SECTOR

65. Availability of quality power at competitive rates to industries is essential for the rapid growth of the economy. The State of Tamil Nadu which was power surplus during the earlier regime of our Hon'ble Chief Minister has slipped into a severe power deficit in the previous DMK Government. The actual capacity addition in the last five years was only 206 MW. Therefore, it is the top most priority of this Government to augment power supply. As a policy, Tamil Nadu will also encourage private sector and joint venture investments to augment power supply.

66. This Government is undertaking a multi pronged strategy to improve the power sector. On supply side management, we are taking action to speed up the completion of the ongoing power generation projects, adding new generation capacity, feeder separation, strengthening and upgrading the transmission and distribution systems to reduce the T&D losses and initiating steps for harnessing non-conventional energy like wind and solar power as reliable alternatives. Simultaneously we are focusing on energy saving through popularising the usage

of CFL light fittings, energy audit, providing solar powered street lights and constructing solar power green houses as demand side management. TANGEDCO is forming 80 squads comprising 5 ex-servicemen each to detect and prevent the theft of energy. The special squads will work for an initial period of four months and based on performance further continuance will be considered.

67. The present installed capacity of the State is 10,237 MW with average availability of 8000 MW. But the demand ranges from 10,500 to 11,500 MW, thereby creating a shortage of 2500 to 3500 MW which is being managed by resorting to power purchase, utilizing wind generation and Restriction and Control measures. **Restriction and Control (R&C) measures with three hours power cut in rural and urban areas has been reduced to two hours with effect from 1st July, 2011. The Government has decided to gradually relax the R&C measures depending upon the improvement in the power position and ensure that R&C measures will be totally lifted throughout the State by August, 2012**.

68. During 2011-2012, the capacity addition expected is about 3,280 MW. We hope this will improve the power supply position to a considerable extent. The State Government will also speed up the power projects of North Chennai Stage III and Stage IV, Udangudi, Ennore Annexe, Kundah pumped storage. These projects are expected to

add 5,100 MW during the next five years. **It is proposed to take up the 800 MW Udangudi expansion project at a cost of ` 4,800 crores, the 1,600 MW Uppur thermal power project at a cost of ` 9,600 crores, and the replacement of the forty year old existing Ennore Thermal power plant installing 600 MW at a cost of ` 3,600 crores, and 800 MW Tuticorin stage IV at a cost of ` 4,800 crores during 2011-2012, thereby adding another 3,800 MW with a total investment of ` 22,800 crores either under the State sector or through joint ventures.**

69. TANGEDCO is facing a severe financial constraint with over ` 40,000 crores of debt and ` 38,000 crores of accumulated losses. When this Government took charge, there were huge accumulated bills which could not be settled for want of resources. This Government is taking steps to augment the resources of TANGEDCO as a short term measure and is working out a long term strategy for complete financial revamping to restore the financial health of TANGEDCO.

70. Tamil Nadu is a leading State in the generation of renewable energy particularly wind energy. The total installed capacity is 6007 MW constituting 47 percent of the total capacity of India. This Government will facilitate investment in wind energy generation and strengthen infrastructure for evacuation of power into the grid. The

State will also explore further addition to the existing wind energy capacity including offshore wind energy generation.

71. **A scheme has been envisaged to energise one lakh street lights with solar power in 1000 villages at the rate of 20,000 lights per year at a cost of ` 248 crores which includes ` 56.40 crores as Government of India subsidy and ` 191.60 crores of State funds. During the year 2011-2012, this Government will energise 20,000 street lights in 200 villages with solar power at an estimated cost of ` 49.60 crores which includes** ` 11.20 **crores of Government of India subsidy and** ` 38.40 **crores of State funds. Similarly, 60,000 green houses have been proposed for construction by the Rural Development Department with solar power during 2011-2012.** The Tamil Nadu Energy Development Agency (TEDA) will take up the energisation of these green houses with solar power at an approximate cost of ` 180 crores including ` 48.60 crores of Government of India subsidy. **As a part of the Government's commitment towards green energy, it is proposed to establish initially a 50 MW solar park in PPP mode through competitive bidding process. This will be implemented by TEDA**.

ROADS AND MINOR PORTS

72. Better connectivity through quality roads is essential for the balanced economic development of the State. The State has already committed itself to converting

963 kilometers of State Highways into double lane and 3,700 kilometers of Major District Roads to intermediate lane at a cost of ` 2,400 crores over the next three years. In view of the huge resource requirement to strengthen road infrastructure, this Government will take up major road projects under Build Operate and Transfer (BOT) model with private participation. **This Government will take up improvement of 2,500 kilometers of Highways roads at a cost of ` 5,000 crores under the Tamil Nadu Road Sector Project–Phase II with World Bank financial support.** During 2011-2012, ` 1,450 crores is allotted under the Comprehensive Road Infrastructure Development Programme (CRIDP) which will be used for taking up road widening, improvement, reconstruction of bridges and culverts etc. **Widening and upgradation of the remaining portion of the East Coast Road measuring 113 kilometers from Thoothukudi to Kanyakumari via Tiruchendur will be taken up during 2011-2012 under CRIDP at a cost of ` 257 crores**.

73. Chennai is emerging as a major hub of industries in South Asia. Due to the rapid growth of population and vehicular congestion in Chennai City, Phase I of the Outer Ring Road is now being implemented. **It is proposed to implement Phase II of the Outer Ring Road connecting Nemilicherry to Minjur costing ` 1,075 crores with the financial assistance of the Japan International Co-operation Agency.** Land

acquisition for the second phase of the Rajiv Gandhi Salai connecting Siruseri to Mamallapuram for a length of 25 kilometers is in progress. After completing the land acquisition, works will be taken up at a cost of ` 550 crores.

74. Application of technology is crucial to the maintenance of consistent road quality. Computerised Road Management Systems, up-to-date data base related to road surface quality and GIS and GPS for planning and monitoring will be put into use during the year for road management and planning. **Performance based road management contracts through Public Private Partnership for development and maintenance of State Highways and Major District Roads will be put in place**.

75. There are 22 minor ports in the State. As already announced in the Governor's Address, this Government will promote the development of minor ports under Public Private Partnership mode. In the Election Manifesto we had promised to bring in ` 10,000 crore investment in the ship building industry. This Government will facilitate investment in the ship building industry and strengthen necessary infrastructure for this purpose.

TOURISM

76. While strengthening the existing tourism infrastructure, the State Government will identify the gaps in infrastructure and formulate development schemes to attract tourists to Tamil Nadu. It is the vision of this

Government to provide world class services for tourists visiting the State. Tourism infrastructure in Madurai, Rameswaram, Kanyakumari and Thanjavur is being strengthened at a cost of ` 51 crores. Under Destination Tourism Development Schemes, 9 projects will be taken up at a cost of ` 53 crores during 2011-2012. **I am glad to inform the Hon'ble Members that Tamil Nadu is one among the four States selected by the Government of India for implementation of the "Inclusive Tourism Infrastructure Project" with the financial assistance of the Asian Development Bank at an outlay of ` 450 crores.**

77. This Government will facilitate private investment in the tourism sector. Heritage Tourism Circuits covering important monuments will be promoted. Private investors will be encouraged to use the traditional buildings in such places as hotels. Religious Tourism Circuit covering Thirukadaiyur with Navagraha temples and the Southern Circuit covering Rameswaram, Madurai, Kanyakumari, etc., will be promoted. Similarly, Eco-Tourism Circuits linking hill stations, forests and beaches also will be encouraged by creating suitable infrastructure like hotels, etc., under Public Private Partnership.

HINDU RELIGIOUS AND CHARITABLE ENDOWMENTS

78. This Government is earnestly striving to preserve and maintain the sanctity, heritage and historical value of temples. With this noble object in mind, this

Government will be conducting kumbhabhishekham after duly completing the renovation works for 1,006 selected temples for which kumbhabhishekham has not been performed in the past 12 years as mandated by the Agamic principles. In this financial year, ` 22.50 crores has been provided for renovating 89 heritage temples. **Annadhana Thittam in Temple launched by Hon'ble Chief Minister in her earlier regime will be implemented with full vigour. It will be extended to 106 more temples. In 11,931 temples, ` 25,000 fixed deposit has been provided to each temple for generating regular interest income to conduct at least one time pooja every day. This deposit will be increased to ` 1,00,000 henceforth. Monthly pension for temple archakas, odhuvaars, musicians and village poojaris will be increased from ` 750 to ` 1000 per month.**

TAMIL DEVELOPMENT

79. A committee comprising representatives from organisations such as International Institute of Tamil Studies, Tamil University with Tamil scholars and scholars of other languages will be constituted to translate the Thirukural and poetry of Mahakavi Bharathiar and Puratchi Kavignar Bharathidasan into English, Arabic and Chinese and to make them available on the internet. A sum of ` 48.50 lakhs has been allotted to the Tamil University and ` 10 lakhs to the International Institute of Tamil Studies for such translation in the Revised Budget Estimates.

SCHOOL EDUCATION

80. After the enactment of the Right of Children to Free and Compulsory Education (RTE) Act, 2009, education has become a fundamental right and a constitutional mandate. In line with the Central Act this Government will provide schooling access and quality education to all children at the primary and upper primary level. The objective of this Government is to provide universal schooling access to all children by achieving universal enrolment and 100 percent retention in primary education. The **Sarva Shiksha Abhiyan (SSA)**, a Mission for the universalisation of elementary education is being implemented effectively to achieve the above goal. Under this scheme, efforts are made to improve the basic infrastructure facilities in schools and for training teachers as a part of human resource development to make elementary education more effective. ` 498.24 crores has been provided for school infrastructure during 2011-2012. School Management Committees (SMC) were constituted under the Sarva Shiksha Abhiyan and ` 27.07 crores is provided in the Annual Plan 2011-2012 for strengthening these committees. There are 56,113 'out of school' children and all of them will be enrolled this year through an intensive campaign.

81. The Government is also working on measures to bridge the gender gap in school education. As per the Census 2011, the literacy ratio in the State is 80.33 percent, with a male literacy ratio of 86.81 percent and a

female literacy ratio of 73.86 percent. The National Programme for Education of Girls at Elementary Level (NPEGEL) is being implemented in 38 educationally backward blocks in eleven districts. The Kasturba Gandhi Balika Vidhyalayas (KGBV) which are residential schools up to the upper primary level have been set up in 45 blocks in 14 districts. 44 Girls Hostels have been started in 44 blocks of 13 Districts to provide boarding and lodging facilities to Girls at the Secondary and Higher Secondary level. A total of 2,58,715 girls are covered under the programmes of NPEGEL, KGBV and Girls Hostels. **The Hon'ble Chief Minister has consciously raised marriage assistance from ` 25,000 to ` 50,000 along with a four gram gold coin for girls who are graduates and diploma holders. I am sure this will encourage parents to educate their girl children on par with male children and ultimately bring gender equity in education.**

82. With the improvement of enrolment at the primary level, the enrolment at the higher secondary level is also on the increase. To improve the standards in the higher secondary level and to strengthen infrastructure, the **Rashtriya Madhyamik Shiksha Abhiyan (RMSA)** is being implemented from 2009-10. This scheme is particularly targeted at improving the quality of education at the secondary level by upgrading middle schools into high schools and strengthening existing infrastructure in secondary schools. A sum of ` 150 crores has been provided in 2011-2012 to implement this scheme. The

drop out rate at the higher secondary level was 1.39 percent during 2009-10. **To reduce the dropout level further, this Government has decided to give a special incentive to all the students studying in 10th standard to 12th standard in Government and Government aided schools. An incentive of ` 1,500, ` 1,500 and ` 2,000 will be given to the students in 10th, +1 and +2 levels respectively. This amount will be kept in the name of the students as a fixed deposit in public sector finance companies like Power Finance Corporation and disbursed in cash when the students complete schooling. This is expected to benefit 24,94,649 students annually with a total outlay of ` 394.04 crores. Due to this programme, I hope the dropout rate will fall further.**

83. **This Government has decided to give two sets of uniforms to the school children with an additional financial commitment of ` 59 crores during 2011-2012. From the year 2012-2013 four sets of uniforms will be supplied to these children at an additional financial commitment of ` 177 crores, thereby fulfilling another commitment given by the Hon'ble Chief Minister in the Election Manifesto. Boys from sixth standard onwards will receive full pants instead of half pants and girls will be given salwar kameez instead of 'pavadai dhavani'. I hope these changes will be well received by the students. Further, stitching charges will also be revised**

upwards considering the present market rates. The Hon'ble Chief Minister has also announced free supply of a pair of footwear to all the children studying in the Government and Government aided schools.

84. **An Integrated Knowledge Park will be created in the present DPI complex (Directorate of Public Instructions) at Chennai to house all the Directorates of School Education Department in a state of the art building where all modern infrastructure like conference halls, training centres, counseling centres, EDUSAT centre with studio will be created. This Integrated Knowledge Park will provide all the infrastructure required not only to the teaching faculty but would also help children to obtain knowledge beyond text books.**

HIGHER EDUCATION

85. The objective of this Government is to provide high quality affordable higher education and to make it accessible to all. It is also the desire of this Government to make Tamil Nadu a hub of higher studies backed with advanced research and development facilities of global standards. The State Government will take initiatives to make higher education more accessible to the weaker sections and to rural students. Towards this objective, this Government will strive to follow the relaxed norms at variance with the AICTE norms of minimum eligibility to

facilitate access to higher education for a large number of students from the rural areas and belonging to the weaker sections. I am happy that the Hon'ble High Court has issued interim orders directing the State to follow these relaxed norms. **Hon'ble Chief Minister has inaugurated eleven new Arts and Science Colleges as constituent colleges of the respective Universities recently at Harur and Pappireddipatti in Dharmapuri District; Nagalapuram in Thoothukudi District; Kallakurichi in Villupuram District; Vedaranyam in Nagapattinam District; Tirupattur in Vellore District; Tiruthuraipoondi and Nannilam in Tiruvarur District; Nemmeli in Kancheepuram District; Sattur in Virudhunagar District; and Srirangam in Tiruchirappalli District. I am glad to inform that the Hon'ble Chief Minister has ordered to start a new Government Engineering College at Bodinayakkanur in Theni District.** Further, the scheme of providing education fees to the first generation graduate students studying in professional courses will be continued by this Government. During 2011-2012, an amount of ` 280 crores has been provided for this purpose.

86. Our Universities will be encouraged to enter into Memoranda of Understanding and joint ventures with world renowned Universities and institutions for taking up basic and applied research, students' exchange, offering dual degrees, faculty support, etc. Infrastructure will be adequately strengthened for this purpose. We will create

smart class rooms with video conferencing facilities and language labs to teach foreign languages like French, German, Spanish, Chinese, etc., in such Universities. Renowned professors and faculty from foreign Universities will be invited to train our faculty, students and research scholars. The State will establish a curriculum development cell in these Universities to enrich our curriculum raising it to international standards by imbibing the ideas of international experts. I hope these efforts will mark the beginning of the transformation of our educational institutions into institutions of global standards.

87. **The Hon'ble Chief Minister has already announced the scheme of free distribution of laptop computers to the students of +1 and +2 standards in schools and also students studying in Government and Government aided colleges. This scheme will be launched on 15th of September, 2011, by the Hon'ble Chief Minister on the birth anniversary of Perarignar Anna, who was acclaimed as Ingersoll of India and Bernard Shaw of the South.** The intention of the Government is to empower the students, particularly the students hailing from rural areas especially from weaker sections and to enhance their skills and ability in computer usage so that they take advantage of the information technology revolution. **During 2011-2012 we have proposed to distribute 9.12 lakh laptops to the eligible students. In the Revised Budget Estimates,**

a sum of ` 912 crores has been provided for this scheme.

HEALTH AND FAMILY WELFARE

88. Tamil Nadu is ranked very high on socio economic indicators particularly on health indicators. As against an Infant Mortality Rate (IMR) of 50 per 1,000 live births and Maternal Mortality Rate (MMR) of 212 per lakh live births at the all India level, the State has already reached 28 per 1,000 live births and 80 per lakh live births respectively. The institutional delivery in Primary Health Centres has gone up to 26.8 percent during 2010-2011. During 2011-2012, the State has proposed a budget of ` 4,761 crores for the health sector. Two major schemes, the **National Rural Health Mission and Tamil Nadu Health System Project are under implementation to achieve the goal of universal health care in the State.**

89. **The National Rural Health Mission (NRHM)** was launched in April 2005 to improve the health care facilities in rural areas. This scheme was aimed at the improvement of health status of people who live in the rural areas. To achieve the objective of universal health care, the Government has taken several initiatives including positioning additional 3 staff nurses in all Primary Health Centres (PHCs) to provide 24x7 delivery care facilities; upgrading selected PHCs as 30 bedded hospitals; supporting nutrient management of iron deficiency to prevent anemia in pregnant women; and strengthening

blood storage centres to improve institutional deliveries. These efforts have ensured reduction in the IMR and MMR. This Government will further intensify the efforts to reduce the IMR and MMR. During 2011-2012, the Government proposes to spend ` 900 crores under NRHM.

90. The Tamil Nadu Health System Project (TNHSP) was also launched during the previous tenure of the Hon'ble Chief Minister with World Bank assistance. This project has been extended up to September 2013 with an additional outlay of ` 627.72 crores of which ` 564.94 crores is the loan component of World Bank. Improving the effectiveness of service delivery, ensuring easy access to maternal and neo natal care services in public hospitals at district and taluk level and infrastructure improvement in the government hospitals are the main focus areas under this scheme. During 2011-2012 ` 194 crores is allocated under TNHSP. The Emergency Transport Services provided through '108' ambulance services will be further improved by providing inter facility transfer for emergencies. Special vehicles with additional facilities will be put into service in the tribal and hill areas. One vehicle per district will be provided for neonatal transport.

91. This Government will specially focus on the improvement of primary health care facilities in urban areas as they are inadequate at present. We will also improve facilities for tertiary care and super speciality treatments. As already announced, the Urban Health Centres

functioning in urban areas under the control of urban local bodies will be provided with three staff nurses to provide 24x7 care on par with the PHCs in rural areas. **The administrative and technical responsibility for running 60 Urban Health Centres sanctioned under NRHM will be brought under the Directorate of Public Health and provided with adequate staff and equipment. It is also proposed to establish Urban Primary Health Care Centres through the Directorate of Public Health to cover 75 more small urban towns with less than 1 lakh population which are not having any primary health care services at present.**

92. The diagnostic services in District Hospitals will be upgraded with supply of additional equipment like dialysis unit, echo cardiogram, digital x-ray, mammogram, modular type multi para monitors, ventilators and life saving equipment for poison treatment centres at a cost of ` 55 crores under the Tamil Nadu Health System project. **As a special initiative, we will establish a Super Speciality Centre at a cost of ` 100 crores in the Trichy Annal Gandhi Government Hospital. The diagnostic facilities at the major hospitals at the district level will be improved by forming Public Private Partnership. Under Public Private Partnership, state of the art computer aided laboratory facilities will be set up in all districts in a phased manner.**

93. **As a new initiative, the "Hospital on Wheels" scheme will be launched by this Government to provide door step health care services in remote and far flung areas to start with. The mobile unit will have a medical team consisting of a doctor, nurse, attendant, laboratory technician and also have lab facilities. Hospital on Wheels will visit remote villages based on a fixed tour programme.**

94. Promotion of menstrual hygiene among adolescent girls will go a long way to reduce the risk of infection and infertility in future. The Government of India has announced a scheme for sale of sanitary napkins to rural girls at a subsidized cost of ` 6 per pack of 6 napkins in 10 districts. **This Government proposes to distribute the napkins free of cost to these rural girls through the ICDS network using the Village Health Nurses in the entire State. A sum of ` 46 crores is provided in the Revised Budget Estimates for this purpose.**

95. **The existing Dr. Muthulakshmi Reddy Maternity Benefit scheme will be strengthened by increasing the assistance of ` 6,000 to ` 12,000 for poor women up to two deliveries. The first ` 4,000 will be paid during the seventh month after completing antenatal care, ` 4,000 immediately after delivery in a Government health facility and the final instalment of ` 4,000 in the fifth month after the child receives the immunisations as per the national**

schedule. ` 596 crores is provided in the Revised Budget Estimates for this scheme.

96. As the Government of India has proposed to implement the Food Safety and Standards Act by August 2011 in place of the Prevention of Food Adulteration Act, 1954, which is getting repealed, the **State Government has decided to form a separate Commissionerate for Food Safety and Drug Control Administration as stipulated in the new Act. Food and drug control labs will also be upgraded and modernised. This Government is proposing to set apart ` 50 crores for this purpose.**

97. **To provide universal health care, this Government has assured to introduce a new public insurance scheme. Accordingly, the improved new scheme called "Chief Minister's Comprehensive Health Insurance Scheme" will be launched shortly. This scheme will address the deficiencies in the earlier scheme of the previous Government. The coverage and sum assured will be ` 1 lakh every year for a total period of four years, with the policy period being extendable by one more year. For certain diseases the ceiling will be raised to ` 1.5 lakhs. The number of procedures will be increased by including medical management and neonatal procedures. Government facilities will also be better utilised under the new scheme.**

REVENUE ADMINISTRATION

98. Distribution of free sarees and dhoties is being done every year during the Pongal festival. This benefits persons who are living below the poverty line and also provides employment to persons involved in the handloom and power loom sectors. During Pongal 2012, it is proposed to distribute 159.04 lakh sarees and 158.19 lakh dhoties to eligible beneficiaries, for which a sum of ` 269 crores has been provided in the Revised Budget Estimates 2011-2012.

99. **This Government will construct a new building complex for the District Collectorate and other district offices in Thanjavur at a cost of ` 25 crores. Construction of a Master Plan Complex for the newly formed Tiruppur district will be taken up during the current year at a cost of ` 25 crores. This complex will provide the office premises for various district offices including the District Police Office. Construction of buildings for the newly formed Revenue Divisional Offices at Tambaram and Udumalpet will also be taken up during 2011-2012.**

100. With a view to ensuring social security and welfare of the agricultural labourers and farmers, the Chief Minister’s Farmer Security Scheme was launched during 2005. At present 1.09 lakh beneficiaries are enrolled in this scheme. This scheme will be revamped to make it more comprehensive and launched shortly. A sum of

` 166 crores is allocated in the Revised Budget Estimates for the implementation of this new scheme.

ELECTION TO LOCAL BODIES

101. As the tenure of the present local bodies is coming to an end, the elections to rural and urban local bodies are due in the month of October 2011. The local body elections will be conducted during October 2011, as scheduled. This Government has decided that the multi member wards in village panchayats will be converted into single member wards.

DEVOLUTION GRANTS TO LOCAL BODIES

102. The devolution of funds to local bodies from the State's Own Tax Revenue based on the recommendations of the State Finance Commission was 10 percent in the year 2010-2011. A sum of ` 6,509 crores will be disbursed to local bodies in the form of devolution for the year 2011-2012. The Government is also providing basic services relating to primary education, water supply and public health on behalf of the local bodies, where the expenditure is incurred directly by the State Government outside the devolution. The Fourth State Finance Commission constituted to recommend the devolution pattern beyond 2011-2012 is expected to submit its recommendations shortly. These will be examined by the Government and the quantum of financial devolution will be determined for the Twelfth Plan period.

RURAL DEVELOPMENT

103. It is the mission of this Government to provide basic amenities in rural areas to the standard of urban areas so that the pressure of urban migration can be reduced. Provision of basic amenities and improvement of rural infrastructure is being taken up under ongoing schemes including PMGSY, MPLADS, MLACDS, Backward Region Grant Fund (BRGF), Total Sanitation Campaign and Minimum Needs Programme. **A comprehensive rural infrastructure development programme, the Tamil Nadu Village Habitation Improvement Scheme (THAI) will be launched by this Government from 2011-2012 to improve the basic amenities through convergence of various programmes. This programme will follow the habitation approach for improving basic amenities and infrastructure. Under THAI, ` 680 crores will be allocated every year to cover all rural habitations in a phased manner over a period of five years.** This scheme will fill the resource gap in the provision of basic amenities.

104. Under MLACDS, the allocation will be stepped up to ` 2 crores per MLA and ` 470 crores is allocated for the current year which will be largely used for the improvement of rural infrastructure. This enhanced additional amount of ` 25 lakhs to each Member under the MLACDS will be earmarked exclusively for school infrastructure like toilet facilities, water supply, etc.

105. The Mahatma Gandhi National Rural Employment Guarantee Scheme will be implemented vigorously to provide 100 days of assured employment in a year to benefit rural unskilled manual workers. As there are complaints that this scheme has adversely affected the Agriculture Sector creating labour shortage during the agricultural season, this Government has proposed to avoid taking up works during peak agricultural operations in consultation with the Government of India. The peak agricultural season will be determined by District Collectors based on local conditions. The Government will also explore the possibility of tying up this scheme with the works executed in farmers' fields, after studying such experience in other States. During 2011-2012, the proposed outlay for the scheme is ` 3,472 crores.

106. **This Government will construct 60,000 green houses with solar power at a cost of `** 1,080 crores **during 2011-2012 in rural areas for the benefit of the houseless poor. The unit cost of each house measuring 300 sq.ft. under this scheme will be ` 1.80 lakhs. The unit cost of Indira Awas Yojana (IAY) houses will also be stepped up to one lakh Rupees per house from the present cost of ` 75,000. Accordingly, as against the Government of India share of ` 33,750 the share of Government of Tamil Nadu will go up from ` 41,250 to ` 66,250 per house. During 2011-2012, we will take up 1,00,553 houses under IAY.**

107. Self Help Groups are being formed under SGSY, the centrally sponsored programme and also under the Magalir Thittam. The Government will strengthen Self Help Groups and Panchayat Level Federations (PLF) to enable adequate credit absorption from banks to take up various economic development activities and thus reduce poverty. The Tamil Nadu Empowerment and Poverty Reduction Project (Pudhuvazhvu Thittam) which is a family based intervention programme for poverty reduction is being implemented in the State from the year 2005. This project has been extended up to September 2014. Under this programme, 5.80 lakh vulnerable households were covered in 70 backward blocks of 16 districts in 2,509 village panchayats. This project has now been extended to ten more districts covering an additional 50 blocks to target 3.80 lakh more poor and vulnerable households with an outlay of ` 950 crores. ` 315.11 crores is proposed to be spent in the year 2011-2012. The Government of India is launching the National Livelihood Mission adopting the same strategy. **This Government will work on the convergence of all such poverty eradication schemes and adopt a family based intervention approach for providing necessary support to all BPL families and will monitor their socio economic development till they cross the poverty line.**

URBAN DEVELOPMENT

108. As per the 2011 Census, 48.45 percent of the population lives in the urban areas of Tamil Nadu. This is

expected to rise to 67 percent by 2030. Due to migration and rapid urbanisation many of the cities and towns are severely stressed in terms of basic infrastructure and amenities. In most of the cities and towns, there is a significant gap in water supply, sewerage and sanitation, storm water drains, roads and streets, solid waste disposal and other modern civic amenities like parking space, bus stands, public parks, etc. Urban housing and public transportation are also under strain. This Government will strive to upgrade the quality of life in urban areas by bridging the infrastructure and amenities gap.

109. The Jawaharlal Nehru National Urban Renewal Mission (JNNURM) is a mission mode reform driven centrally sponsored programme which commenced in 2005 and will come to an end by 2012. During 2011-2012, it is proposed to utilise ` 1,361 crores for infrastructure programmes and housing schemes in urban areas under this programme. In order to support water supply and sewerage projects in urban local bodies, long term financial assistance from the German Bank of Development (KfW) was taken and 13 projects were approved for water supply, storm water drains and Under Ground Sewerage System (UGSS) at a total cost of ` 335 crores. The Government has also sanctioned the Japan International Co-operation Agency assisted Tamil Nadu Urban Infrastructure Project (TNUIP) at a total cost of ` 345 crores under which water supply projects in Madhavaram, Palani, Coonoor, Idappadi, Devakottai and Tiruchirapalli have been taken up.

110. The road facilities in town panchayats will be improved at a cost of ` 102.62 crores under NABARD RIDF covering 615.27 kms in 228 Town Panchayats during 2011-2012. In Chennai City, it is proposed to upgrade the main arterial roads to international standards besides improving other interior roads. 30 main arterial roads forming different corridors have been identified for improvement.

111. With the conclusion of the World Bank Assisted TNUDP III, the funding available for the improvement of infrastructure and basic amenities in urban local bodies has shrunk further. **This Government will launch two special programmes – the Chennai Mega City Development Mission for Chennai and its suburban areas and the Integrated Urban Development Mission for all other Corporations, Municipalities and Town Panchayats to supplement the available funds under various schemes. A sum of ` 500 crores has been provided for the Chennai Mega City Development Mission and ` 750 crores for the Integrated Urban Development Mission in the Revised Budget Estimates.** Under these missions existing schemes will be dovetailed to improve the standards of basic infrastructure like roads and streets, drinking water, sewerage and sanitation, storm water drains, solid waste management, improvement of bus stands and parking places etc in an integrated manner. I expect that the additional resources provided under Chennai Mega City Development Mission

and Integrated Urban Development Mission will give a fillip to the development of basic amenities in urban areas.

112. This Government will prepare a comprehensive project for solid waste management in Chennai and its sub-urban areas and avail of carbon credits. Similarly, a comprehensive project for waste water management to improve and integrate the sewerage system in Chennai and its suburban areas; complete treatment and recycling of waste water and to prevent the entry of sewerage water into the City's river system; and beautification of the river embankments will be prepared for its implementation. This will facilitate an integrated management of waste water besides protecting the City river system from pollution.

WATER SUPPLY

113. The objective of this Government is to provide adequate quantity of safe drinking water. During 2011-2012, it is proposed to spend ` 844 crores for improving water supply under various programmes in urban areas. Though the average water supply in Chennai at present is 135 litres per capita per day (lpcd), there is a regional imbalance in supply which varies from 50 lpcd to 209 lpcd. This Government will set right the imbalances by strengthening the distribution system for 161 kms and by replacement of old choked pipes for 154 kms. These works are expected to be completed by December 2011.

114. **The existing reservoir capacity of Chennai City will be augmented by 4.20 TMC ft at a cost of**

` 1,851 crores. The new storage capacity will be created at Thervaikandigai, Thirukandalam and Ramanjeri by 1 TMC ft each. 0.9 TMC ft will be added by restoring six tanks namely Nemam, Porur, Iyambakkam, Ambattur, Korattur and Madhavaram and a further 0.3 TMC ft by deepening the Cholavaram tank. Investigation will also be taken up to establish a 400 MLD desalination plant to fill the present gap in water supply in Chennai city.

115. At present there are 7,020 rural habitations considered to be partially covered by drinking water supply. Drinking water supply schemes in the rural areas are taken up under National Rural Drinking Water Programme (NRDWP) funded by the Government of India and Minimum Needs Programme (MNP) funded by the Government of Tamil Nadu. During 2011-2012, ` 452 crores has been set apart for MNP from the State Budget. It is proposed to take up 6,000 rural habitations during the year 2011-2012. For the Hogenakkal Combined Water Supply Scheme ` 400 crores is allocated during 2011-2012.

URBAN HOUSING

116. Tamil Nadu is one of the most urbanised States in the country. The concentration of economic activities in urban areas leads to migration of employable work force from rural areas in search of employment. Such migrant urban poor due to their poor level of education are mostly employed in the service sector for low wages. It has been

programmed to construct 1.72 lakhs tenements/houses at an outlay of ` 10,768 crores by the Tamil Nadu Slum Clearance Board under various programmes during 2011-2016. As part of the programme, **it is proposed to take up the construction of 8,733 tenements at a cost of ` 400 crores during 2011-2012. The Slum Clearance Board will also complete the ongoing works on 44,870 tenements at a cost of ` 1,939.48 crores under the JNNURM.**

117. The Government of India has announced the slum free cities programme under the Rajiv Awas Yojana which envisages the holistic development of urban slums within a specific time frame. **Rajiv Awas Yojana** will be implemented utilising 50 percent grant from the Government of India and the remaining 50 percent funding from the State Government. The Socio Economic Survey of the slum families has already commenced.

118. Tamil Nadu Housing Board has provided 3.98 lakh residential units since its inception. The economically weaker sections and the LIG are greatly benefited under these schemes. At present ` 742.64 crores worth of works covering 6,364 units are under progress. **The Tamil Nadu Housing Board will use its available land to promote residential units either with its own funds or through Public Private Partnership. During 2011-2012, it is proposed to take up the construction of 2,427 units at a cost of ` 340 crores.**

TRANSPORT

119. Tamil Nadu State Transport Corporations provide the cheapest and most reliable public transport facility to the public. At present, there are 21,169 State Transport Corporation buses plying on different routes in the State. The financial health of the State Transport Undertakings is in a miserable condition and the State Government has to extend financial support even to manage their operational expenses. This Government will bring more discipline in the staff, control unwanted expenditure and improve the operational efficiency of the Transport Corporations. **It is proposed to develop existing bus terminals into multi level Commercial Centres, wherever land is available, with ground level covered bus depots under Public Private Partnership to generate additional revenue for the Transport Corporations. It is also proposed to introduce 3,000 new buses during 2011-2012 improving the level of service to the public. A sum of ` 125 crores has been provided in the Revised Budget Estimates as share capital support for this purpose**. ` 304 crores is also provided as subsidy support to the STUs as compensation for the issue of free bus passes to students.

120. Rapid growth of the urban population has put more pressure on the urban transportation. The Chennai metropolitan area is expected to grow into a mega city with a population of more than 10 million in the next 10 years. Therefore, there is a need to improve the integrated urban

transport system in Chennai. We have already announced in the Governor's Address that a multi modal integrated urban transport system will be put in place in Chennai by integrating the existing public transport with the Chennai metro and also by establishing an elaborate Mono Rail Network connecting various parts of Chennai. **The Government of Tamil Nadu has initiated steps for the implementation of the Mono Rail Project. Investigation in this regard has already commenced. Financial closure will be achieved within this year and the work will be commenced at the earliest.**

ADI DRAVIDAR WELFARE

121. This Government will ensure adequate flow of funds under the Special Component Plan (SCP) for the welfare of Adi Dravidars. During 2011-2012, ` 5,007 crores has been allocated under SCP which constitutes 21.27 percent of the State's Annual Plan Outlay. Several economic development programmes and schemes for the improvement of basic amenities in Adi Dravidar habitations are being implemented. This Government will streamline all such programmes to make them more effective.

122. TAHDCO is the nodal agency for the implementation of economic development programmes for the benefit of Adi Dravidars. The recovery of the economic development loans provided by TAHDCO has come down drastically eroding the margin money and share capital of TAHDCO. Therefore, to revitalise this organisation, this

Government will provide share capital support to an extent of ` 26 crores. This will enable TAHDCO to mobilise an equivalent grant from the Government of India. A sum of ` 81.03 crores has been provided under Special Central Assistance to TAHDCO for providing subsidy support to the Adi Dravidars to take up economic development activities. **As already committed in the Election Manifesto, the scale of finance to individuals for taking up self employment ventures will be stepped up to ` 7.50 lakhs with 30 percent subsidy without any upper ceiling. To promote Adi Dravidar entrepreneurs, counselling centers will be created in the Commissionerate of Adi Dravidar Welfare**.

123. The Adi Dravidar Welfare Department is running 1,073 schools and 1,294 hostels. About 35 hostel buildings which were sanctioned from 2001-2002 to 2007-2008 could not be completed due to various reasons and an additional fund of ` 6.43 crores has been released to complete these 35 hostels in time. **There are 93 hostels still running in private buildings. As desired by the Hon'ble Chief Minister, construction of buildings for all these 93 hostels will be taken up in the current year itself. During 2011-2012, a budget provision of ` 21 crores has been made. To improve the facilities in hostels, ` 83.40 crores has already been sanctioned by this Government to take up work in 1,080 hostels**.

124. **The present feeding charges for school students will be increased from ` 450 per month to ` 650 per month. Similarly for college students, feeding charges will be increased from ` 550 to ` 750 per month. During 2011-2012, 10 middle schools will be upgraded as high schools and 10 high schools will be upgraded as higher secondary schools.** As a special grant ` 15.58 crores will be sanctioned to provide toilet facilities in 779 schools. A sum of ` 238.50 crores has been provided in the Revised Budget Estimates for post matric scholarships and this will benefit around 10 lakh Adi Dravidar students. ` 43 crores is also allotted for the distribution of free bi-cycles to students belonging to Scheduled Castes and Scheduled Tribes.

125. Various skill building training programmes are being conducted by TAHDCO. This Government will re-structure the skill building training programme to make it more job-oriented. **A sum of ` 25 crores has been provided in the Revised Budget Estimates for giving skill building training to Adi Dravidar youth**.

126. This Government pays special attention to the development of tribal people. Since 1976-1977 Tribal Sub Plan (TSP) is being implemented to ensure adequate funds for the tribal development. During 2011-2012, ` 246 crores have been allocated for the tribal development under TSP, which is 1.05 percent of the total Annual Plan Outlay. **To improve infrastructure facilities, drinking water**

and basic amenities in tribal areas, an amount of ` 13.91 crores has been provided during 2011-2012 under special central assistance to Tribal Sub Plan and assistance under Article 275(1) of the Constitution. Further ` 10.76 crores has been allocated under the Particularly Vulnerable Tribes Development Programme.

BACKWARD CLASSES AND MOST BACKWARD CLASSES WELFARE

127. In Tamil Nadu, 73.5 percent of the population belongs to Other Backward Classes. Tamil Nadu is a pioneer in the country in carving out reservation for Backward Classes and Most Backward Classes. The State has provided 50 percent reservation for the Backward Classes and Most Backward Classes. Consequent to the judgement delivered by the Constitution Bench of the Supreme Court in Indra Sawhney Vs. Union of India, restricting reservation to 50 percent, the Government of Tamil Nadu, headed by the Hon'ble Chief Minister, enacted the Tamil Nadu Act 45 of 1994, to protect the existing level of total reservation at 69 percent and had the Act included in the Ninth Schedule of the Constitution to get protection under Article 31-B of the Constitution. Responding to petitions against this Act, the Supreme Court directed the State to place quantifiable data before the Tamil Nadu Backward Classes Commission so that the Commission could decide on the quantum of reservation on the basis of such quantifiable data. The Commission headed by Justice

M.S. Janarthanam submitted its report to the Government on 8th July, 2011, in which it has concluded that the extent of reservation provided to various categories at present is fully justified. **The Government has accepted the recommendations of the Commission and issued orders on 11th July, 2011, thereby protecting the existing reservation of 50 percent to Backward Classes and Most Backward Classes. The total reservation in the State will continue to be 69 percent including the reservation for Scheduled Castes and Scheduled Tribes. This decision of our Hon'ble Chief Minister to achieve social justice will certainly go into the annals of history.**

128. Government is providing pre-matric and post-matric scholarships and free education support to students belonging to Backward Classes, Most Backward Classes and Denotified Tribes. ` 89.73 crores have been provided for this purpose during 2011-2012. The free bicycle scheme which was started by the Hon'ble Chief Minister has received wide acclaim at the national level. During the year 2011-2012, it has been decided to distribute free bicycles to six lakh students at a cost of ` 112.08 crores.

129. This Government has decided to upgrade nine Kallar reclamation schools - three primary schools as middle schools, three middle schools as high schools and three high schools as higher secondary schools. The present maintenance grant of ` 4 lakhs for Kallar

Reclamation schools will be stepped up to ` 1 crore per annum. It has also been decided by this Government to start 15 English medium schools with LKG, five each in Madurai, Dindigul and Theni districts, to benefit the students belonging to this category during the current year. A sum of ` 52 crores has been provided in the Revised Budget Estimates for the 285 Kallar reclamation schools.

130. There are 1,238 hostels run by the Government for the benefit of Backward Classes, Most Backward Classes and Denotified Community students. Out of this, 148 hostel buildings are still functioning in rental buildings. **The Hon'ble Chief Minister has instructed to take up construction of own buildings for all the balance hostels which are in rented buildings. During 2011-2012, a sum of ` 36 crores is provided for the construction of hostels. It is also decided to enhance the food charges from the existing amount of ` 450 per month for school hostel boarders to ` 650 per month and the food charges for college hostel boarders from ` 550 per month to ` 750 per month. This will result in additional expenditure of ` 19 crores to the State**.

WOMEN AND CHILD WELFARE

131. Whenever the Hon'ble Chief Minister Puratchi Thalaivi Amma takes over the office of Chief Minister, empowerment and welfare of women and children gain prominence. **I have already mentioned about the**

Government's decision to distribute a four gram gold coin for Thirumangalyam to all the beneficiaries under various marriage assistance schemes, besides enhancing the cash assistance to the girls qualified with a degree or diploma. Under this scheme, budgetary allocation of ` 514 crores is made in the Revised Budget Estimates 2011-2012.

132. The **Cradle Baby Scheme** was launched in Salem in the year 1992 with the aim of eradicating female infanticide. This scheme was later extended to Madurai, Theni, Dindigul and Dharmapuri as these districts were also found prone to this evil practice. As on 31.3.2011, 3,131 children have been received and rehabilitated under this scheme. An impact study has revealed that because of this scheme the child sex ratio has turned favourable in all those districts. **The recent census shows that Cuddalore, Ariyalur, Perambalur, Villupuram and Tiruvannamalai districts have significant negative child sex ratio. Therefore, this Government will open Cradle Baby Reception Centres in these five districts during 2011-2012 at a cost of ` 47.45 lakhs.**

133. To prevent female infanticide and to encourage girl child education, under the Girl Child Protection Scheme ` 22,200 is deposited if parents have one girl child and undergo family planning operation and ` 15,200 to each child is given in case of parents having two girl children and then opting for family planning. **Now, this Government**

has decided to increase this assistance from ` 22,200 to ` 50,000 and ` 15,200 to ` 25,000 under this Chief Ministers' Girl Child Protection Scheme. This will go a long way in saving girl children from infanticide.

134. Children in the age group of 5-15 years are provided with nutritious meals to improve their nutrition status and to increase the literacy rate. During 2010-2011 an expenditure of ` 1,108 crores has been incurred under this scheme to benefit 54,80,340 students. For 2011-2012, ` 1,246 crores has been allocated for this scheme. **There are 15,313 Anganwadi Centres in rented buildings. This Government will construct new buildings in a time bound manner for all such centres by dovetailing funds from various programmes.**

135. **The Government will procure and distribute electric fans, mixies and grinders to women as promised in the Election Manifesto. This scheme will commence from September 15th, 2011, on the occasion of the birth day celebration of Perarignar Anna.** In total about 1.83 crores women beneficiaries holding family cards which are eligible to draw rice would get this benefit in a phased manner. **In the year 2011-2012, about 25 lakh families would be covered. A sum of ` 1,250 crores has been provided for this purpose in the Revised Budget Estimates.**

WELFARE OF AGED AND DESTITUTE

136. Considering the rapid erosion of incomes caused by inflationary trends in the economy, which has particularly impacted the vulnerable sections of the population, it is necessary to provide them with a Social Security Net. It is against this background that this Government, **immediately after assuming charge, ordered that pensions to all beneficiaries under the Social Security Pension Schemes be raised to ` 1,000 per month from ` 500 per month. 23.95 lakh persons are benefited under this scheme.** As the Government of India recently reduced the eligible age for old age pension from 65 years to 60 years, an additional 5.36 lakh beneficiaries are expected to get this pension. **During 2011-2012, this Government has provided ` 2,842 crores for Social Security Pension Schemes.**

137. We are committed to start special homes in each block for destitute senior citizens and children. Already we have 27 Child Care Homes run by Government and 173 Child Care Homes run by NGOs covering 90 blocks. Similarly, 93 Old Age Homes/Day Care Centres are run with State or Government of India aid covering 62 blocks. **This Government will ensure that every block will have an integrated complex of special homes catering to both aged persons and destitute children. The home for differently abled elderly persons will also be part of this Integrated Special Home. This will be implemented with the help of reputed NGOs and**

corporate houses as part of their corporate social responsibility.

WELFARE OF THE DIFFERENTLY ABLED

138. This Government is committed to ensure 3 percent reservation in employment for differently abled persons. **A committee will be constituted under the Chief Secretary with Secretaries of various departments to oversee the implementation of 3 percent reservation in all Government employment.** Differently abled persons will be given special training and the private sector will be persuaded to employ differently abled persons as a part of their corporate social responsibility. Similarly, this Government under the able leadership of the Hon'ble Chief Minister in her earlier regime amended the development control rules of Chennai Metropolitan Area to ensure provision of a barrier free environment for differently abled persons. This will be extended to all other corporation, municipal and other areas by amending the relevant Acts.

139. Maintenance allowance for mentally retarded, severely disabled persons affected by muscular dystrophy has already been enhanced to ` 1,000 by this Government. **Marriage assistance for differently abled persons is brought on par with other marriage assistance schemes. As there are a large number of pending applications, the present annual ceiling on the number will be relaxed completely.**

WELFARE OF TRANSGENDERS

140. For the welfare of transgenders, through the Tamil Nadu Transgenders Welfare Board, **the Government will provide loan upto ` 15 lakhs with 25 percent subsidy to the Self Help Groups which are ready to undertake income generating activities.** For 2011-2012, ` one crore has been allotted for the Transgenders Welfare Board for implementing welfare measures.

MINORITIES WELFARE

141. The Minorities Welfare Department was created to take care of the interests of the people belonging to minority communities. The present administrative grant of ` 45 lakhs for the Tamil Nadu Wakf Board will be enhanced to ` 100 lakhs. **The Ulemas pension scheme at present covers only 2,400 persons. This will be expanded to cover 2,600 persons so that all pending applications can be absorbed. Further, their monthly pension will be enhanced from the present level of ` 750 to ` 1,000.** As the Wakf Board was mismanaged and the properties were not maintained to yield adequate revenue to the Board, it is not in a position even to settle pension arrears and other benefits to retired employees. Therefore, **it has been decided to revamp its functioning and ensure that the properties are brought back under the control of the Wakf Board and made to generate adequate revenue. The Government has also decided to provide a one time grant of ` 3 crores to the Wakf**

Board to settle the pension arrears for the retired employees.

WELFARE OF SRILANKAN TAMILS

142. The Government of Tamil Nadu has extended all the welfare schemes presently implemented for the people of Tamil Nadu to benefit Srilankan Refugees in Camps. This Government is determined to improve the living conditions of the camps for Srilankan Tamils. **` 25 crores will be sanctioned this year to improve the houses and basic amenities in the camps. Further, 416 Women Self Help Groups in the camps will be provided with a revolving fund of ` 10,000 each. The present level of monthly cash dole for the head of the family will be increased from ` 400 to ` 1000, for each additional adult member from ` 288 to ` 750 and for the children below 12 years of age, the present level of dole will be increased to ` 400.**

LABOUR WELFARE

143. The State Government formed its first welfare board namely, the Tamil Nadu Construction Workers Welfare Board in the year 1994, during the former regime of the Hon'ble Chief Minister. So far, the State Government has formed 34 Welfare Boards for various categories of workers. Out of these, 17 welfare boards are being administered by the Labour Department for providing social security to unorganised workers. Presently, 51.37 lakh workers have been registered in all these

17 welfare boards. Till date, a sum of ` 356.59 crores has been disbursed to 13.85 lakh beneficiaries as relief assistance for marriage, maternity, surgery, education, pension, accident and death. **As the functioning of these welfare boards is not satisfactory, this Government will revamp all the welfare boards to improve their performance.**

WELFARE OF WEAVERS

144. Various welfare measures have been taken to mitigate the sufferings of weavers and to ensure their welfare. Steps have been taken to enroll weavers in the co-operative/unorganized sector and allied sectors as members of the Welfare Board. Assistance such as old age pension, medical/educational assistance and insurance coverage for natural/ accidental death and disability due to accident are extended to weaver members. **This Government will enhance the present old age pension of ` 450 per month and family pension of ` 550 per month to ` 1,000 per month in both cases.** Financial assistance to the extent of ` 24.56 crores has been given so far benefiting 1,12,849 weavers' through the Weavers Welfare Board.

GOVERNMENT EMPLOYEES WELFARE

145. This Government strongly believes that co-operation and involvement of Government employees is very important for the successful implementation of welfare and developmental programmes. ` 27,091 crores has been provided in the Revised

Budget Estimates to meet the salary commitments. There had been several representations on the persisting pay anomalies even after implementation of the recommendations made by the One Man Committee appointed by the previous Government for rectifying such anomalies. As these cases have already been taken to Court, this Government will carefully look into all such grievances and redress them.

PENSIONERS WELFARE

146. There are 6.53 lakh pensioners at present. The principle of equal scale to equal category is being followed for pension fixation in the revised pay scale. Further, the system of graded enhancement of pension amount according to age being followed in the Government of India is also adopted by the State. Therefore, the pension commitment has gone up substantially. During 2011-2012, ` 11,942 crores has been provided to meet the pension commitments.

JOURNALISTS' WELFARE

147. Pension for journalists will be enhanced from ` 5,000 to ` 6,000 and their family pension will be increased from ` 2,500 to ` 3,000 per month. The Hon'ble Chief Minister has recently inaugurated the new building constructed for the Madras Reporters' Guild at Omandhurar Government Estate at an estimated cost of ` 39 lakhs. This Government will also construct a Media Centre in this building at an estimated cost of ` 50 lakhs. Online multimedia transmission facilities will be installed at the Press Release Section in the Secretariat for transmission of video clippings to visual and print media.

WELFARE OF TRADERS

148. The Traders' Welfare Board implements many welfare schemes for traders. This Government has also permitted enrollment of small traders in the Board who are otherwise exempted from registration under the Tamil Nadu VAT Act, so as to enable them to avail of the welfare benefits. This Government has also ordered to enroll the traders by paying ` 500 as membership fee to become a life member instead of paying ` 100 every year for renewal.

149. I have dwelt at length on the welfare measures and developmental programmes to be implemented by our Government. Now let me turn towards resources.

STREAMLINING TAX ADMINISTRATION

150. Commercial tax administration is a thrust area for introduction of e-Governance. This Government proposes to completely upgrade the software and hardware systems in the Commercial Taxes Department and provide end-to-end automation at a total cost of ` 79 crores fixed investment. The expected cost during 2011-2012 including the recurring expenses will be ` 101 crores. This will enhance the service quality in tax administration substantially and result in greater revenue mobilisation, and arrest tax evasion. I expect this new system will be a great boon to honest tax payers. The Government of India has already approved a project at a cost of ` 45.37 crores with ` 31.26 crores as the central share under the Mission Mode Project for Computerisation of Commercial Taxes

Department (MMPCT). The e-Governance projects in the Commercial Taxes Department will utilise the funds sanctioned under the MMPCT.

151. A large number of cases with substantial amount of revenue by way of taxes, penalty and interest under the TNGST Act, 1959, and other Acts are pending for many years. Considering the representations received from various trade associations for the reintroduction of the Samadhan Scheme for expeditious settlement of pending cases, **this Government has decided to introduce 'Samadhan' scheme again for the collection of old arrears. This scheme will be in operation from 1st October 2011 to 31st March 2012.**

152. Registration documents that have been referred under Section 47-A are pending inspection and fixation of market value. As a result of this, the concerned persons are unable to get back the documents and the revenue due to the Government is unnecessarily locked up. **Therefore, this Government will reintroduce the Samadhan Scheme to realise the locked up revenue and also benefit the people by enabling them to get back their documents using this scheme. It is expected that these initiatives of this Government will enable us to mobilize ` 125 crores additionally during 2011-2012.**

FISCAL PROJECTIONS

153. The total revenue receipt as per Revised Estimates 2010-2011 was ` 72,413.82 crores, of which the

State's Own Tax Revenue is ` 49,125.10 crores. The revenue expenditure was ` 75,542.61 crores resulting in a revenue deficit of ` 3,128.79 crores. The fiscal deficit was estimated at ` 17,607.71 crores for the year 2010-2011. The interim budget 2011-2012 projected the total revenue receipt of ` 79,413.26 crores and revenue expenditure of ` 78,974.48 crores with a marginal revenue surplus of ` 438.78 crores. The fiscal deficit was projected at ` 13,506.85 crores.

154. **A number of new schemes have been launched and several developmental initiatives were taken up by this Government which were dealt with at length in the earlier part of my speech. The total cost of these schemes will be ` 8,900 crores.** It is therefore necessary for the Government to look for additional resources to sustain these initiatives. Accordingly, this Government has carefully calibrated the measures for raising additional resources by altering certain taxes in commercial taxes, state excise duties, stamps and registration fees recently. These changes are expected to yield an additional revenue of ` 3,618 crores in the remaining part of 2011-2012.

155. Now, after considering the various measures taken by the Government for mobilising additional resources and also taking into account the various schemes and developmental activities initiated, I propose the total revenue receipt for the Revised Budget Estimates 2011-2012 at ` 85,685 crores. The State's Own Tax

Revenue is projected at ` 59,787 crores and Non Tax Revenue projected at ` 5,015 crores. The share of union taxes and the grant-in-aid from Government of India is projected at ` 13,111 crores and ` 7,772 crores, respectively. I also project the revenue expenditure at ` 85,511 crores. **There will be a marginal revenue surplus of ` 173.87 crores. The fiscal deficit will be ` 16,881 crores. This will be 2.90 percent of GSDP. I am glad to say that we will be on track to achieve the fiscal consolidation target by eliminating the revenue deficit and restricting the fiscal deficit to below 3 percent of GSDP. We will continue to follow this fiscal discipline in future.**

156. We have also hiked the capital expenditure projection to ` 15,877.58 crores. The projection of the net borrowings is made at ` 17,261 crores for 2011-2012 to fill the resource gap. The overall outstanding debt at the end of 2011-2012 is expected to be ` 1,18,610 crores. As you all know that this Government has to start with an opening debt of ` 1,01,349 crores, the borrowing proposed in the current year is unavoidable to keep up the pace of developmental activities in the State. We hope in future the borrowings may come down when the economy expands at a faster pace contributing more tax revenue. **One redeeming feature is that the outstanding debt of the State will not exceed the norms fixed by the Thirteenth Finance Commission of 24.50 percent of**

GSDP, as at the end of 2011-2012 this ratio will be only 20.39 percent.

157. **This being our first Budget, we focused attention more on fulfilling our electoral promises. Most of these promises made by our Hon'ble Chief Minister during the election have been formulated into appropriate schemes and programmes for implementation now. Over ` 8,900 crores worth of new schemes and additional benefits are introduced in this Budget. We have also eliminated the previous year's revenue deficit of ` 2,720 crores and generated a marginal revenue surplus of ` 173.87 crores in this Budget. I am also proud to say that our Budget size for the first time exceeds ` one lakh crore, thereby making a historical record under our visionary leader Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa. I am confident that this Budget will satisfy large sections of our Society.**

158. I express my sincere gratitude to the **Hon'ble Chief Minister Puratchi Thalaivi Amma** for her unstinted guidance and support in formulating this Budget and presenting it before you. But for her prudent guidance with her vast experience and profound wisdom, it would have been impossible for me to present this Budget.

159. I also express my sincere thanks to the Principal Secretary, Finance, Thiru K. Shanmugam, IAS,

and his dedicated team of officials in helping me to prepare this Budget.

160. I dedicate the Revised Budget Estimates 2011-2012 to the people of Tamil Nadu. With this, Hon'ble Speaker Sir, I commend the Revised Budget Estimates for 2011-2012 for the approval of the House.

Nandri

Vanakkam

O. PANNEERSELVAM

Minister for Finance

Chennai,
4th August 2011
Aadi-19,
Thiruvalluvar Aandu 2042.

APPENDIX

MEDIUM TERM FISCAL PLAN

1. The State has enacted Tamil Nadu Fiscal Responsibility Act, 2003 which was amended first to bring it in line with the requirements prescribed by the Twelfth Finance Commission and then by the Thirteenth Finance Commission. According to Section 3 (1) of this Act, the Government is required to lay before the Legislative Assembly a Medium Term Fiscal Plan (MTFP) along with the Budget. Section 3 (2) of this Act requires that the MTFP shall set forth a multi-year rolling target for the fiscal indicators like Revenue Deficit and Fiscal Deficit while clearly indicating the underlying assumptions made to arrive at those projections. In compliance with this Act, a Medium Term Fiscal Plan based on current fiscal trends and policy initiatives undertaken by the new Government has been prepared with the projections for the period 2011-2014 and it is being placed before the Legislative Assembly.

Objectives

2. While formulating the MTFP, the major focus has been on the commitment of this Government towards fiscal prudence while enhancing the standard of living of the people of Tamil Nadu by considerable investments in agriculture, industry and basic infrastructure for leading the State through forthcoming Twelfth Five Year Plan period from 2012 to 2017. As evident from

the MTFP, the State is on the path of fiscal consolidation as recommended by the Thirteenth Finance Commission. It is proposed to eliminate revenue deficit and contain fiscal deficit as a percentage of Gross State Domestic Product (GSDP) within 3% by the end of this financial year.

Present Situation

3. Due to the combined impact of global economic slowdown, implementation of the Sixth Pay Commission recommendations and increasing expenditure on the various welfare schemes, the State registered revenue deficit of ` 3531.32 crores and ` 2720.01 crores during 2009-2010 and 2010-2011, respectively, after being revenue surplus for the 4 preceding years in row. Also for the first time since enactment of the FRBM act, fiscal deficit breached the 3% limit as percentage of GSDP in 2010-2011 and reached 3.21% of GSDP. This is in line with the amendment in FRBM act following relaxation permitted by the Thirteenth Finance Commission. Despite various new welfare and development schemes being implemented by this Government during the current financial year, thanks to the economic recovery and additional tax mobilisation, revenue surplus of ` 173.87 crores has been estimated for the current financial year in Revised Budget Estimates. The capital outlay for 2011-2012 also shows an increase of 27.5% over the

previous year and is projected at ` 15,877.59 crores leading to a fiscal deficit of ` 16,881 crores which is 2.90% of GSDP. This is well within the norms prescribed by the Thirteenth Finance Commission.

4. The outstanding debt of the State Government including liabilities like the provident fund which was ` 1,01,349.45 crores as on 31.3.2011, is estimated to be ` 1,18,801.75 crores as on 31.3.2012. As per the Thirteenth Finance Commission projections, the ratio of total outstanding debt to GSDP at the end of 2011-2012 shall not be more than 24.5%. Also, the new borrowings availed during the year shall not be more than 3% of GSDP. Accordingly, the borrowings limit for Tamil Nadu finalised for the year 2011-2012 by the Central Government is ` 17,437 crores and the new borrowings proposed in the Revised Budget Estimates for 2011-2012 are ` 17,260.81 crores. Hence, the debt-GSDP ratio of the State Government at the end of 2011-2012 will be just 20.39%. Prudent steps will be taken to further reduce the debt burden of the State in the coming years. Since, the Revised Budget Estimates have projected revenue surplus, the new borrowings will be fully utilised towards productive expenditure on capital account.

5. The State is cautiously managing its contingent liabilities in the form of guarantees for bonds and loans mobilised by its Boards and Corporations. The outstanding guarantees for each year are capped at a level below 100% of the Total Revenue Receipts in

the preceding year or below 10% of the GSDP whichever is lower. The outstanding guarantee as on 31.3.2010 was 10.82% of Total Revenue Receipts and 1.48% of GSDP. The outstanding risk weighted guarantee for each year has also to be kept at a level below 75% of the Total Revenue Receipts in the preceding year or 7.5% of GSDP whichever is lower. The outstanding risk weighted guarantee as on 31.3.2010 stood at 2.32% of Total Revenue Receipts and 0.32% of GSDP.

Future Prospects

REVENUE RECEIPTS

State's Own Tax Revenues

6. State's Own Tax Revenue - GSDP ratio for 2010-2011 is 9.21% as per Supplementary accounts. State's Own Tax Revenue is ` 47,781 crores as per Supplementary accounts 2010-2011. It is estimated to be ` 59,787 crores in Revised Budget Estimates for 2011-2012. The salient features of the major components of the State's Own Tax Revenue are discussed below.

7. The receipts under Commercial Taxes are estimated at ` 37,196 crores in the Revised Budget Estimates 2011-2012. This takes into consideration a growth of 20.50% over the Supplementary accounts 2010-2011 and additional revenue of ` 2,716 crores during current year due to the revision of tax rates from the middle of July 2011.

8. State Excise Receipts have been estimated at ` 10,191 crores during 2011-2012. This takes into consideration 17.33% increase over Supplementary accounts 2010-2011 based on the previous years trend and additional revenue of ` 669 crores during current year due to revision of tax rates.

9. As a result of the economic recovery, the receipts from Stamp Duty have witnessed an increase of 26.99% in 2010-2011. In the Revised Budget Estimate for 2011-2012, it is estimated at ` 6,493 crores. The growth assumed in the receipts from Stamp Duty over supplementary accounts 2010-2011 is about 20%, if the additional resource mobilisation of ` 358 crores due to revision of rates and ` 552 crores surcharge on Stamp duty meant for urban local bodies transferred to Demand No.34 from this year are deducted for the purpose of comparison with previous years. The receipts from Taxes on Vehicles have been projected at ` 3,235 crores for 2011-2012.

10. For the States Own Tax Revenue, growth rates of 18% and 15% have been projected for 2012-2013 and 2013-2014, respectively. The projected growth in 2012-2013 is higher in comparison with 2013-2014 to factor in the full impact of the rate revision in States own taxes during 2012-2013.

Non-Tax Revenue

11. Non-Tax Revenue is estimated at ` 4,483.72 crores in the Revised Budget Estimates 2011-2012. The State's Own Non Tax Revenue contributes only 5.26% of Total Revenue Receipts. Since the growth in this

component of revenue during previous years has been more or less static except for some one time receipts, it has been projected to grow at 3% in the future years.

Share in Central Taxes

12. The Thirteenth Finance Commission reduced the share of Tamil Nadu in the devolvable net tax revenue of the Union Government from 5.374% to 5.047% in case of Service Tax and from 5.305% to 4.969% in case of other taxes. Share in Central Taxes for the State has been estimated at ` 13,111 crores during 2011-2012. Since the receipts under this head depend on buoyancy in central taxes, the growth rate is projected conservatively at 15% for 2012-2013 and 2013-2014.

Grants-in- Aid from the Union Government

13. The Grants-in-Aid from the Government of India have been estimated at ` 7,772 crores in the Revised Budget Estimates 2011-2012 by taking into account the various plan grants and the grants recommended by the Thirteenth Finance Commission. Since the receipts under this head are also beyond the direct control of State Government, the growth rate is projected conservatively at 10% for 2012-2013 and 2013-2014.

REVENUE EXPENDITURE

14. The revenue expenditure during 2011-2012 is estimated at ` 84,980 crores which shows a growth of 17.36% over Supplementary accounts 2010-2011.

The salient features of the major components of the Revenue Expenditure are discussed below.

15. Salaries and pensions together constitute 45.93% of the total Revenue Expenditure in the Revised Budget Estimates 2011-2012 which is considerably lower than 48.97% expenditure incurred during 2010-2011. In case of salaries, growth assumed for the years 2012-2013 and 2013-2014 taking into account yearly increment and normal hike in Dearness Allowance is 15% and that assumed in case of pensions is 12% which is only for Dearness Allowance. Even if, the commitment of State Government towards payment of Sixth Pay Commission arrears to the tune of ` 1,800 crores is getting over this year, the savings on that account are expected to take care of abnormal hike in DA and additional commitments towards filling up of vacancies.

16. Subsidies and Grants show an increase of 23.15% in Revised Budget Estimate of 2011-2012 as compared to Supplementary accounts 2010-2011. This increase is due to various welfare schemes announced by the Government like distribution of free rice under PDS, increased assistance under various social security pension and marriage assistance schemes, Maternity Assistance Scheme, provision of milch cows and goats and sheep etc., besides increase in Grants-in-Aid to Urban and Rural Local Bodies commensurate with increased estimates of receipts under State's Own Tax Revenue on account of additional resources mobilisation and increased subsidy to Electricity

Board. This expenditure is expected to grow by 15% for the year 2012-2013 and by 10% for the year 2013-2014. This is mainly because, additional commitment for the full year on food subsidy, social security pension schemes etc., following policies of the new Government has been factored in during 2012-2013.

17. Non-Wage Operations and Maintenance Expenditure shows an increase of 53.75% in Revised Budget Estimates over Supplementary accounts 2010-2011. This is mainly on account of scheme for free distribution of electric fan, mixie and grinder, free supply of two sets of uniforms to school students etc. Since this huge commitment has already been factored in during the current year itself, normative growth of 10% is assumed for 2012-2013 and 2013-2014.

18. The ratio of interest payments to Total Revenue Receipts will be 10.31% in 2011-2012. It will be lowest since enactment of FRBM act. This is expected to the 10.25% and 10.27% during 2012-2013 and 2013-2014 respectively.

Conclusion

19. It is noteworthy that the financial condition of the State has shown remarkable improvement in the Revised Budget Estimates as compared to 2010-2011. The State is once again expected to register revenue surplus in the current financial year after registering huge revenue deficits in the preceding two years successively. The Fiscal Deficit is

estimated to be at 2.90% of State's Gross Domestic Product (GSDP) in the current financial year. The revenue surplus has been projected as ` 1350.11 crores and ` 3190.62 crores for 2012-2013 and 2013-2014, respectively. As a result, the fiscal deficit over GSDP in these years has been projected as 2.74% and 2.55%, respectively. Thus, the State will be in a position to achieve all the fiscal targets set by the Finance Commission.

20. The Government will continuously monitor the sustainability of the debt stock and Medium Term Fiscal Plan envisages to keep the Debt-GSDP ratio around the level projected in Revised Budget Estimates 2011-2012, i.e., 20.43% as against 24.50% as prescribed by the Thirteenth Finance Commission. With the progressive projection of revenue surplus in the following years, dependence of the State on the borrowings will also be reduced and the Debt-GSDP ratio is expected to decrease further.

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Table

August-2011
Revenue
State's Own Revenues
Tax
Non-Tax
Central Transfer
Shared Taxes
Grants
Non-Interest Expenditures
Salaries (including GiA for education)
Pensions & Retirement Benefits
Non- Wage O & M
Subsidies and Transfers
Other Revenue Expenditures
Capital Outlay
Net Lending
Fiscal Indicators
Primary Surplus (+)/ Deficit (-)
Interest Payments
Interest Payments / Total Revenue Receipts
Revenue Surplus(+) / Deficit(-)
Revenue Surplus(+) / Deficit(-) over TRR %
Revenue Surplus(+) / Deficit(-) over Fiscal Surplus(+) / Deficit(-)%
Fiscal Surplus (+) / Deficit(-) (Adjusted)
Fiscal Surplus (+) / Deficit(-) (Adjusted) over GSDP%
Gross State Domestic Product (GSDP)

These Estimates and Actuals will not tally with the Finance Accounts and the Annual Financial Statement as these ar Tranfers.